CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
December 6, 2023

Cerro Pueblo Apartments, located at 2835 Clairemont Drive in San Diego, requested $827,824 in annual federal tax credits but is being recommended for $827,841 in annual federal tax credits to finance the acquisition & rehabilitation of 45 units of housing serving tenants with rents affordable to households earning 30%-60% of area median income (AMI). The project will be developed by Cerro Pueblo Housing Management, LLC and is located in Senate District 38 and Assembly District 78.

The project is currently at-risk, but is being recommended for a reservation of tax credits that will preserve affordability for an additional 55 years. The project will be receiving rental assistance in the form of HUD Section 8 Project-based Vouchers.

Project Number	CA-23-597
Project Name	Cerro Pueblo Apartments
Site Address:	2835 Clairemont Drive San Diego, CA 92117
County:	San Diego
Census Tract:	91.03

Tax Credit Amounts	**Federal/Annual**	**State/Total**
Requested:	$827,824	$0
Recommended:	$827,841	$0

Applicant Information

Applicant:	Cerro Pueblo Housing Partners, LP
Contact:	Colin Rice
Address:	4142 Adams Avenue, Suite 103-250 San Diego, CA 92116
Phone:	(619) 750-8580
Email:	Colin@rahdgroup.com

General Partner(s) or Principal Owner(s):	Cerro Pueblo Housing Management, LLC Cerro Pueblo Housing, LLC
General Partner Type:	Joint Venture
Parent Company(ies):	C&C Development Group, LLC Cerro Pueblo Housing Partners, LP
Developer:	Cerro Pueblo Housing Management, LLC
Bond Issuer:	Housing Authority of the City of San Diego
Investor/Consultant:	Candeur Group
Management Agent:	Royal Property Management Group

Project Information

Construction Type:	Acquisition & Rehabilitation	
Total # Residential Buildings:	3	
Total # of Units:	46	
No. / % of Low Income Units:	45	100.00%
Federal Set-Aside Elected:	40%/60%	
Federal Subsidy:	Tax-Exempt / HUD Section 8 Project-based Vouchers (45 Units - 100%)	

Information

Housing Type:	At-Risk
Geographic Area:	San Diego County
CTCAC Project Analyst:	Chris Saenz

55-Year Use / Affordability

Aggregate Targeting	Number of Units	Percentage of Affordable Units
30% AMI:	5	11%
50% AMI:	5	11%
60% AMI:	35	78%

Unit Mix

46	1-Bedroom Units
46	Total Units

Unit Type & Number		2023 Rents Targeted % of Area Median Income	Proposed Rent (including utilities)
5	1 Bedroom	30%	$775
5	1 Bedroom	50%	$1,292
35	1 Bedroom	60%	$1,551
1	1 Bedroom	Manager’s Unit	$0

Project Cost Summary at Application	
Land and Acquisition	$9,000,000
Construction Costs	$0
Rehabilitation Costs	$5,010,586
Construction Hard Cost Contingency	$481,460
Soft Cost Contingency	$75,000
Relocation	$312,000
Architectural/Engineering	$250,000
Const. Interest, Perm. Financing	$614,590
Legal Fees	$350,000
Reserves	$602,000
Other Costs	$515,950
Developer Fee	$2,388,020
Commercial Costs	$0
Total	**$19,599,606**

Residential	
Construction Cost Per Square Foot:	$186
Per Unit Cost:	$426,078
True Cash Per Unit Cost*:	$419,236

Construction Financing

Source	Amount
Citibank: Tax-Exempt	$10,000,000
Citibank: Taxable	$4,000,000
Deferred Developer Fee	$899,606
Tax Credit Equity	$4,700,000

Permanent Financing

Source	Amount
Citibank: Tax-Exempt	$10,000,000
Citibank: Taxable	$2,000,000
Deferred Developer Fee	$314,755
Tax Credit Equity	$7,284,851
TOTAL	**$19,599,606**

*Less Fee Waivers, Seller Carryback Loans, and Deferred Developer Fee

Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation):	$7,958,156
130% High Cost Adjustment:	Yes
Requested Eligible Basis (Acquisition):	$10,350,000
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	$10,345,603
Qualified Basis (Acquisition):	$10,350,000
Applicable Rate:	4.00%
Maximum Annual Federal Credit, Rehabilitation:	$413,841
Maximum Annual Federal Credit, Acquisition:	$414,000
Total Maximum Annual Federal Credit:	$827,841
Approved Developer Fee (in Project Cost & Eligible Basis):	$2,388,020
Investor/Consultant:	Candeur Group
Federal Tax Credit Factor:	$0.88000

Except as allowed for projects basing cost on assumed third party debt, the “as if vacant” land value and the existing improvement value established at application for all projects, as well as the eligible basis amount derived from those values, shall not increase during all subsequent reviews including the placed in service review, for the purpose of determining the final award of Tax Credits. The sum of the third party debt encumbering the property may increase during subsequent reviews to reflect the actual amount.

Significant Information / Additional Conditions: None.

Resyndication and Resyndication Transfer Event: None.

Standard Conditions

If applicant is receiving tax-exempt bond financing from other than CalHFA, the applicant shall apply for a bond allocation from the California Debt Limit Allocation Committee’s next scheduled meeting, if not previously granted an allocation; shall have received an allocation from CDLAC; and, shall issue bonds within time limits specified by CDLAC.

The applicant anticipates financing more than 50% of the project aggregate basis with tax-exempt bond proceeds as calculated by the project tax professional. Therefore, the federal credit reserved for this project will not count against the annual ceiling.

State tax credit recipients are limited to cash distributions from project operations pursuant to California Revenue and Taxation Code Section 12206(d). By accepting the tax credit reservation, the applicant/owner is agreeing to comply with the statutory limitations and requirements.

CTCAC makes the preliminary reservation only for the project specified above in the form presented, and involving the parties referred to in the application. No changes in the development team or the project as presented will be permitted without the express approval of CTCAC.

The applicant must pay CTCAC a reservation fee calculated in accordance with regulation. Additionally, CTCAC requires the project owner to pay a monitoring fee before issuance of tax forms.

As project costs are preliminary estimates only, staff recommends that a reservation be made in the amount of federal credit and state credit shown above on condition that the final project costs be supported by itemized lender approved costs and certified costs after the buildings are placed in service.

All unexpended funds in reserve accounts established for the project must remain with the project to be used for the benefit of the property and/or its residents, except for the portion of any accounts funded with deferred developer fees.

All fees charged to the project must be within CTCAC limitations. Fees in excess of these limitations will not be considered when determining the amount of credit when the project is placed-in-service.

If the applicant has requested the use of a CUAC utility allowance, CTCAC's Compliance staff will review the CUAC documentation for this project prior to placed in service. Until written approval is received from CTCAC, this project is not eligible to use a utility allowance based on the CUAC.

The applicant/owner shall be subject to underwriting criteria set forth in Section 10327 of the regulations through the final feasibility analysis performed by CTCAC at placed-in-service.

Credit awards are contingent upon applicant's acceptance of any revised total project cost, qualified basis and tax credit amount determined by CTCAC in its final feasibility analysis.

CDLAC Additional Conditions
The applicant/owner is required to comply with the CDLAC Resolution. At the time of the CTCAC placed in service review, CTCAC staff will verify that the project is in compliance with all applicable items of CDLAC Resolution Exhibit A.

If points were awarded by CDLAC for housing type, the project shall comply with the housing type requirements at the time of CTCAC's Placed In Service review. The housing type requirement shall be conditioned in the CTCAC Regulatory Agreement and CTCAC Compliance staff shall verify the project is meeting those housing type requirements, consistent with California Code of Regulations, title 4, section 10322(i).