

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

**Project Staff Report
Tax-Exempt Bond Project
December 6, 2023**

OTC by Vintage , located at 2800 Olympic Parkway in Chula Vista , requested and is being recommended for a reservation of \$4,259,225 in annual federal tax credits to finance the new construction of 226 units of housing serving families with rents affordable to households earning 30%-60% of area median income (AMI). The project will be developed by Vintage Housing Development, Inc. and will be located in Senate District 18 and Assembly District 80.

Project Number CA-23-654

Project Name OTC by Vintage
Site Address: 2800 Olympic Parkway
Chula Vista , CA 91915
County: San Diego
Census Tract: 133.20

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$4,259,225	\$0
Recommended:	\$4,259,225	\$0

Applicant Information

Applicant: Vintage Housing Holdings, LLC
Contact: Michael Gancar
Address: 369 San Miguel Drive, Suite 135
Newport Beach, CA 92660
Phone: (949) 721-6775
Email: mgancar@Vintagehousing.com

General Partner(s) or Principal Owner(s): Hearthstone CA Properties V, LLC
General Partner Type: Joint Venture
Parent Company(ies): Hearthstone Housing Foundation
Vintage Housing Holdings, LLC
Developer: Vintage Housing Development, Inc.
Bond Issuer: California Municipal Finance Authority
Investor/Consultant: Aegon USA Realty Advisors, LLC
Management Agent: FPI Property Management

Project Information

Construction Type: New Construction
Total # Residential Buildings: 3
Total # of Units: 228
No. / % of Low Income Units: 226 100.00%
Federal Set-Aside Elected: 40%/60%
Federal Subsidy: Tax-Exempt

Information

Housing Type: Large Family
 Geographic Area: San Diego County
 CTCAC Project Analyst: Nick White

55-Year Use / Affordability

Aggregate Targeting	Number of Units	Percentage of Affordable Units
30% AMI:	24	11%
50% AMI:	24	11%
60% AMI:	178	79%

Unit Mix

105 1-Bedroom Units
 63 2-Bedroom Units
 60 3-Bedroom Units

 228 Total Units

Unit Type & Number	2023 Rents Targeted % of Area Median Income	Proposed Rent (including utilities)
11 1 Bedroom	30%	\$775
11 1 Bedroom	50%	\$1,292
83 1 Bedroom	60%	\$1,551
7 2 Bedrooms	30%	\$930
7 2 Bedrooms	50%	\$1,551
47 2 Bedrooms	60%	\$1,861
6 3 Bedrooms	30%	\$1,075
6 3 Bedrooms	50%	\$1,791
48 3 Bedrooms	60%	\$2,150
2 2 Bedrooms	Manager's Unit	\$1,861

Project Cost Summary at Application

Land and Acquisition	\$1,000,000
Construction Costs	\$50,866,406
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$2,465,251
Soft Cost Contingency	\$125,000
Relocation	\$0
Architectural/Engineering	\$1,700,000
Const. Interest, Perm. Financing	\$9,088,926
Legal Fees	\$189,500
Reserves	\$997,590
Other Costs	\$12,272,894
Developer Fee	\$10,683,675
Commercial Costs	\$0
Total	\$89,389,242

Residential

Construction Cost Per Square Foot:	\$271
Per Unit Cost:	\$392,058
True Cash Per Unit Cost*:	\$354,724

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
Citibank: Tax-Exempt	\$45,599,495	Citibank: Tax-Exempt	\$40,559,667
Citibank: Recycled Tax-Exempt	\$4,469,462	Net Operating Income	\$3,475,174
Citibank: Taxable	\$18,637,501	Deferred Developer Fee	\$8,512,104
Net Operating Income	\$3,475,174	Tax Credit Equity	\$36,842,297
Deferred Funding of Reserves	\$997,590	TOTAL	\$89,389,242
Deferred Developer Fee	\$10,683,675		
Tax Credit Equity	\$5,526,345		

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$81,908,175
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$106,480,628
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$4,259,225
Approved Developer Fee (in Project Cost & Eligible Basis):	\$10,683,675
Investor/Consultant:	Aegon USA Realty Advisors, LLC
Federal Tax Credit Factor:	\$0.86500

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

The current legal description is part of a larger site and the project site's parcel (legal description and APN) have not yet been finalized. The legal description and APN for CA-23-654 must be completed as part of the placed in service package.

This Project's annual per unit operating expense total is below the CTCAC published per unit operating minimums of \$5,700. As allowed by TCAC Regulation Section 10327(g)(1), CTCAC approves an annual per unit operating expense total of \$4,845 on agreement of the permanent lender and equity investor.

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).