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

Sea Breeze Gardens Apartments, located at 4802-4890 Logan Avenue in San Diego, requested and is being recommended for a reservation of $5,814,442 in annual federal tax credits to finance the acquisition & rehabilitation of 267 units of housing serving tenants with rents affordable to households earning 30%-60% of area median income (AMI). The project will be developed by Seabreeze Developer LLC and is located in Senate District 39 and Assembly District 79.

Sea Breeze Gardens Apartments is a re-syndication of an existing Low Income Housing Tax Credit (LIHTC) project, Bay Vista Methodist Heights (CA-2007-913). See Resyndication and Resyndication Transfer Event below for additional information.

The project will be receiving rental assistance in the form of a HUD Section 8 Project-based Contract.

Project Number	CA-23-665
Project Name	Sea Breeze Gardens Apartments
Site Address:	4802-4890 Logan Avenue San Diego, CA 92113
County:	San Diego
Census Tract:	60730033.05

Tax Credit Amounts	**Federal/Annual**	**State/Total**
Requested:	$5,814,442	$0
Recommended:	$5,814,442	$0

Applicant Information

Applicant:	Sea Breeze Gardens Preservation LP
Contact:	Russell Condas
Address:	401 Wilshire Boulevard, Suite 1100 Santa Monica, CA 90401
Phone:	(424) 222-8396
Email:	rcondas@lincolnavecap.com

General Partner(s) or Principal Owner(s):	Sea Breeze Gardens Preservation GP LLC PacH Sea Breeze Holdings LLC
General Partner Type:	Joint Venture
Parent Company(ies):	Lincoln Avenue Capital LLC Pacific Housing, Inc.
Developer:	Seabreeze Developer LLC
Bond Issuer:	San Diego Housing Commission
Investor/Consultant:	Alliant Capital, Ltd.
Management Agent:	Pinnacle California Corporation

Project Information

Construction Type:	Acquisition & Rehabilitation
Total # Residential Buildings:	36
Total # of Units:	268
No. / % of Low Income Units:	267 100.00%
Federal Set-Aside Elected:	40%/60%
Federal Subsidy:	Tax-Exempt / HUD Section 8 Project-based Contract (267 Units - 100%)

Information

Housing Type:	Non-Targeted
Geographic Area:	San Diego County
CTCAC Project Analyst:	Ruben Barcelo

55-Year Use / Affordability

Aggregate Targeting	Number of Units	Percentage of Affordable Units
30% AMI:	27	10%
50% AMI:	27	10%
60% AMI:	213	80%

Unit Mix

100	2-Bedroom Units
168	3-Bedroom Units
268	Total Units

Unit Type & Number		2023 Rents Targeted % of Area Median Income	Proposed Rent (including utilities)
10	2 Bedrooms	30%	$930
10	2 Bedrooms	50%	$1,551
80	2 Bedrooms	60%	$1,861
17	3 Bedrooms	30%	$1,075
17	3 Bedrooms	50%	$1,791
133	3 Bedrooms	60%	$2,150
1	3 Bedrooms	Manager Unit	$0

Project Cost Summary at Application	
Land and Acquisition	$112,012,000
Construction Costs	$0
Rehabilitation Costs	$18,306,268
Construction Hard Cost Contingency	$1,833,120
Soft Cost Contingency	$100,000
Relocation	$750,000
Architectural/Engineering	$285,500
Const. Interest, Perm. Financing	$4,336,725
Legal Fees	$396,000
Reserves	$2,709,152
Other Costs	$1,710,971
Developer Fee	$7,426,053
Commercial Costs	$4,616,000
Total	**$154,481,789**

Residential

Construction Cost Per Square Foot:	$69
Per Unit Cost:	$559,201
True Cash Per Unit Cost*:	$507,436

Construction Financing

Source	Amount
Citibank: Tax-Exempt	$75,000,000
Citibank: Taxable	$10,525,597
Citibank: Bridge	$37,614,583
Seller Carryback	$11,546,287
General Partner Equity	$100
Reserves	$2,606,018
Deferred Developer Fee	$6,258,053
Tax Credit Equity	$10,931,150

Permanent Financing

Source	Amount
Citibank: Tax-Exempt	$75,000,000
Citibank: Taxable	$10,525,597
Seller Carryback	$11,546,287
General Partner Equity	$100
Deferred Developer Fee	$2,754,053
Tax Credit Equity	$54,655,751
TOTAL	**$154,481,789**

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

Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation):	$27,448,345
130% High Cost Adjustment:	Yes
Requested Eligible Basis (Acquisition):	$109,692,730
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	$35,682,849
Qualified Basis (Acquisition):	$109,692,730
Applicable Rate:	4.00%
Maximum Annual Federal Credit, Rehabilitation:	$1,426,733
Maximum Annual Federal Credit, Acquisition:	$4,387,709
Total Maximum Annual Federal Credit:	$5,814,442
Approved Developer Fee (in Project Cost & Eligible Basis):	$7,426,053
Investor/Consultant:	Alliant Capital, Ltd.
Federal Tax Credit Factor:	$0.94000

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 reservation of tax credits is contingent upon verification by HUD of the contract renewal amounts within 120 days of the date of reservation.

In lieu of 3 on-site manager units, the project is committing to employ an equivalent number of on-site full-time property management staff (at least one of whom is a property manager) and provide an equivalent number of desk or security staff capable of responding to emergencies for the hours when property management staff is not working. All staff or contractors performing desk or security work shall be knowledgeable of how the property’s fire system operates and be trained in, and have participated in, fire evacuation drills for tenants. CTCAC reserves the right to require that one or more on-site manager units be provided and occupied by property management staff if, in its sole discretion, it determines as part of any on-site inspection that the project has not been adequately operated and/or maintained.

Resyndication and Resyndication Transfer Event

Prior to closing, the applicant or its assignee shall obtain CTCAC's consent to assign and assume the existing Regulatory Agreement (CA-07-913). To be eligible for a new award of tax credits, the owner must provide documentation with the Form 8609 request (the placed-in-service submission) that the acquisition date and the placed-in-service date both occurred after the existing federal 15-year compliance period was completed. For resyndications that were originally rehabilitation and acquisition, the resyndication acquisition date cannot occur before the last rehabilitation credit year of the original credit period.

As required by the IRS, the newly resyndicated project will continue to use the originally assigned Building Identification Numbers (BINs).

The newly resyndicated project shall continue to meet the rents and income targeting levels in the existing regulatory agreement(s) and any deeper targeting levels in the new regulatory agreement(s) for the duration of the new regulatory agreement(s).

Existing households determined to be income-qualified for purposes of IRC §42 credit during the 15-year compliance period are concurrently income-qualified households for purposes of the extended use agreement. As a result, any household determined to be income qualified at the time of move-in under the existing regulatory agreement (CA-07-913) is a qualified low-income household for the subsequent allocation (existing household eligibility is “grandfathered”).

The project is a resyndication where the existing regulatory agreement requires service amenities. The project shall provide a similar or greater level of services for a period of at least 15 years under the new regulatory agreement. The project is deemed to have met this requirement based on CTCAC staff’s review of the commitment in the application. The services documented in the placed-in-service package will be reviewed by CTCAC staff for compliance with this requirement at the time of the placed-in-service submission.

The project is a resyndication occurring concurrently with a Transfer Event without distribution of Net Project Equity, and thus is waived from the requirements under CTCAC Regulation Section 10320(b)(4)(B).

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).