

**CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Qualified Private Activity Tax-Exempt Bond Project
April 8, 2025**

Aero Drive Affordable Apartments, located at 8575 Aero Drive in San Diego on a 2.09 acre site, requested and is being recommended for a reservation of \$4,351,326 in annual federal tax credits and \$42,676,464 of tax-exempt bond cap to finance the new construction of 190 units of housing, consisting of 188 restricted rental units and 2 unrestricted manager's units. The project will have 95 two-bedroom units, and 95 three-bedroom units, serving families with rents affordable to households earning 30%-80% of area median income (AMI). The construction is expected to begin in November 2025 and be completed in November 2027. The project will be developed by Mirka Investments, LLC and will be located in Senate District 39 and Assembly District 78.

Project Number CA-25-433

Project Name Aero Drive Affordable Apartments
Site Address: 8575 Aero Drive
San Diego, CA 92123
County: San Diego
Census Tract: 92.01

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$4,351,326	\$0
Recommended:	\$4,351,326	\$0

Tax-Exempt Bond Allocation
Recommended: \$42,676,464

CTCAC Applicant Information
CTCAC Applicant/CDLAC Sponsor: Mirka Investments, LLC
Contact: Kursat Misirlioglu
Address: 600 B Street, Suite 300
San Diego, CA 92101
Phone: (619) 599-3852
Email: kursatm@mirkainvest.com

Bond Financing Information
CDLAC Applicant/Bond Issuer: CMFA
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Private Placement Purchaser: KeyBank Community Development Lending

Development Team
General Partners / Principal Owners: Mirka Investments, LLC
Pacific Southwest Community Development Corporation
General Partner Type: Joint Venture
Parent Companies: Mirka Investments, LLC
Pacific Southwest Community Development Corporation
Developer: Mirka Investments, LLC
Investor/Consultant: WNC
Management Agent: Hyder Company

Project Information

Construction Type:	New Construction
Total # Residential Buildings:	1
Total # of Units:	190
No. / % of Low Income Units:	188 100.00%
Average Targeted Affordability:	59.79%
Federal Set-Aside Elected:	40%/60% Average Income
Federal Subsidy:	Tax-Exempt

Information

Housing Type:	Large Family
Geographic Area:	Coastal Region
State Ceiling Pool:	New Construction
CDLAC Project Analyst:	Charity Guimont
CTCAC Project Analyst:	Sopida Steinwert

55-Year Use / Affordability

Aggregate Targeting	Number of Units	Percentage of Affordable Units
30% AMI:	20	11%
50% AMI:	20	11%
60% AMI:	110	59%
80% AMI*:	38	20%

*CTCAC restricted only

Unit Mix

95	2-Bedroom Units
95	3-Bedroom Units
190	Total Units

Unit Type & Number	2024 Rents Targeted % of Area Median Income	Proposed Rent (including utilities)
19 2 Bedrooms	80%	\$2,728
54 2 Bedrooms	60%	\$2,046
10 2 Bedrooms	50%	\$1,705
10 2 Bedrooms	30%	\$1,023
19 3 Bedrooms	80%	\$3,152
56 3 Bedrooms	60%	\$2,364
10 3 Bedrooms	50%	\$1,970
10 3 Bedrooms	30%	\$1,182
2 2 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$236,783
Construction Costs	\$54,229,016
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$2,668,402
Soft Cost Contingency	\$496,914
Relocation	\$0
Architectural/Engineering	\$2,670,000
Const. Interest, Perm. Financing	\$8,405,885
Legal Fees	\$415,000
Reserves	\$1,013,465
Other Costs	\$6,249,707
Developer Fee	\$10,914,696
Commercial Costs	\$0
Total	\$87,299,868

Residential

Construction Cost Per Square Foot:	\$279
Per Unit Cost:	\$459,473
Estimated Hard Per Unit Cost:	\$261,581
True Cash Per Unit Cost*:	\$424,685
Bond Allocation Per Unit:	\$224,613
Bond Allocation Per Restricted Rental Unit:	\$284,510

Construction Financing

Source	Amount
Keybank: Tax-Exempt	\$42,676,464
Keybank: Recycled Tax-Exempt	\$8,713,527
Keybank: Taxable	\$9,672,689
Deferred Costs	\$4,834,362
Deferred Developer Fee	\$6,609,798
Tax Credit Equity	\$14,793,028

Permanent Financing

Source	Amount
Keybank: Tax-Exempt	\$43,707,500
Deferred Developer Fee	\$6,609,798
Tax Credit Equity	\$36,982,570
TOTAL	\$87,299,868

*Less Donated Land, Seller Carryback Loans, Waived Fees, and Deferred Developer Fee

Determination of Credit Amount(s)

Requested Eligible Basis:	\$83,679,340
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$108,783,142
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$4,351,326
Approved Developer Fee (in Project Cost & Eligible Basis):	\$10,914,696
Federal Tax Credit Factor:	\$0.84991

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.

CTCAC Significant Information / Additional Conditions: None.

CDLAC Analyst Comments: None.

Resyndication and Resyndication Transfer Event: None.

Standard Conditions

The applicant 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).

Point Criteria	New Const. Max. Points	Rehabilitation Max. Points	Points Scored
Preservation and Other Rehabilitation Project Priorities	0	20	0
New Construction Density and Local Incentives	10	0	10
Exceeding Minimum Income Restrictions	20	20	20
Exceeding Minimum Rent Restrictions	10	10	10
General Partner Experience	7	7	7
Management Company Experience	3	3	3
Housing Needs	10	0	10
Leveraged Soft Resources	8	8	8
Readiness to Proceed	10	10	10
Affirmatively Furthering Fair Housing	10	0	9
Site Amenities	10	10	10
Service Amenities	10	10	10
Cost Containment	12	12	12
Negative Points	No Maximum		0
Total Points	120	110	119

The criteria for which points are awarded will also be incorporated into the Resolution transferring Allocation to the Applicant as well as the appropriate bond documents and loan and finance agreements.

Tie Breaker: 146.860%