

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

2025 First Round

June 18, 2025

Clearlake Apartments, located at 15837 18th Avenue in Clearlake, requested and is being recommended for a reservation of \$1,593,250 in annual federal tax credits to finance the new construction of 79 units of housing serving families with rents affordable to households earning 30%-60% of area median income (AMI). The project will be developed by Chelsea Investment Corporation and will be located in Senate District 2 and Assembly District 4.

The project financing includes state funding from the Infill Infrastructure Grant (IIG), Permanent Local Housing Allocation (PLHA), and Local Government Matching Grants (LGMG) programs of HCD.

Project Number CA-25-045

Project Name Clearlake Apartments
Site Address: 15837 18th Avenue
Clearlake, CA 95422
County: Lake
Census Tract: 7.02

| Tax Credit Amounts | Federal/Annual | State/Total |
|---------------------------|-----------------------|--------------------|
| Requested: | \$1,593,250 | \$0 |
| Recommended: | \$1,593,250 | \$0 |

Applicant Information

Applicant: Clearlake CIC, LP
Contact: Cheri Hoffman
Address: 6339 Paseo Del Lago
Carlsbad, CA 92011
Phone: 760-456-6000
Email: cherihoffman@chelseainvestco.com

General Partner / Principal Owner: Pacific Southwest Community Development Corporation
CIC Clearlake, LLC

General Partner Type: Joint Venture
Parent Company: Pacific Southwest Community Development Corporation
Chelsea Investment Corporation

Developer: Chelsea Investment Corporation
Investor/Consultant: Raymond James Financial, Inc
Management Agents: ConAm Management Corporation

Project Information

Construction Type: New Construction
Total # Residential Buildings: 4
Total # of Units: 80
No. & % of Tax Credit Units: 79 100%
Federal Set-Aside Elected: 40%/60%
Federal Subsidy: HOME / Community Development Block Grant - Disaster
Recovery Multifamily Housing Program (CDBG-DR-MHP)

Information

Set-Aside: Rural apportionment (CDBG-DR)
Housing Type: Large Family
Geographic Area: Northern Region
CTCAC Project Analyst: Marilyn Thao

55-Year Use / Affordability

| Aggregate Targeting | Number of Units | Percent of Required Affordable Units |
|------------------------------|------------------------|---|
| At or Below 30% AMI: | 12 | 15% |
| At or Below 40% AMI: | 16 | 20% |
| At or Below 50% AMI (Rural): | 40 | 50% |
| At or Below 60% AMI: | 11 | 10% |

Unit Mix

| | |
|----|-----------------|
| 24 | 1-Bedroom Units |
| 32 | 2-Bedroom Units |
| 24 | 3-Bedroom Units |
| 80 | Total Units |

| Unit Type & Number | 2024 Rents Targeted % of Area Median Income | Proposed Rent (including utilities) |
|-------------------------------|--|--|
| 4 1 Bedroom | 60% | \$990 |
| 12 1 Bedroom | 50% | \$825 |
| 5 1 Bedroom | 40% | \$660 |
| 3 1 Bedroom | 30% | \$495 |
| 3 2 Bedrooms | 60% | \$1,188 |
| 16 2 Bedrooms | 50% | \$990 |
| 6 2 Bedrooms | 40% | \$792 |
| 6 2 Bedrooms | 30% | \$594 |
| 4 3 Bedrooms | 60% | \$1,371 |
| 12 3 Bedrooms | 50% | \$1,143 |
| 5 3 Bedrooms | 40% | \$914 |
| 3 3 Bedrooms | 30% | \$685 |
| 1 2 Bedrooms | Manager's Unit | \$0 |

Project Cost Summary at Application

| | |
|----------------------------------|---------------------|
| Land and Acquisition | \$2,793,100 |
| Construction Costs | \$46,209,709 |
| Rehabilitation Costs | \$0 |
| Construction Contingency | \$2,716,538 |
| Relocation | \$0 |
| Architectural/Engineering | \$1,379,357 |
| Const. Interest, Perm. Financing | \$6,250,032 |
| Legal Fees | \$649,719 |
| Reserves | \$176,243 |
| Other Costs | \$3,742,345 |
| Developer Fee | \$2,500,000 |
| Commercial Costs | \$0 |
| Total | \$66,417,043 |

Residential

| | |
|------------------------------------|-----------|
| Construction Cost Per Square Foot: | \$669 |
| Per Unit Cost: | \$830,213 |
| True Cash Per Unit Cost*: | \$814,056 |

Construction Financing

| Source | Amount |
|-----------------------------|--------------|
| Citibank | \$46,590,935 |
| State of CA: Land Donation | \$1,249,901 |
| HCD: IIG | \$3,532,500 |
| HCD: HOME | \$9,000,000 |
| City: PLHA | \$309,000 |
| RCRC IDD ¹ Grant | \$1,000,000 |
| Deferred Costs | \$3,380,445 |
| Tax Credit Equity | \$1,354,263 |

Permanent Financing

| Source | Amount |
|-----------------------------|---------------------|
| Citibank | \$1,100,000 |
| State of CA: Land Donation | \$1,249,901 |
| HCD: IIG | \$3,925,000 |
| HCD: HOME | \$10,000,000 |
| HCD: LGMG | \$9,999,998 |
| City: CDBG DR-MHP | \$25,247,825 |
| City: PLHA | \$309,000 |
| RCRC IDD ¹ Grant | \$1,000,000 |
| Deferred Developer Fee | \$42,694 |
| Tax Credit Equity | \$13,542,625 |
| TOTAL | \$66,417,043 |

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

¹Redwood Coast Regional Center Individual Developmental Disabilities

Determination of Credit Amount(s)

| | |
|--|--------------|
| Requested Eligible Basis: | \$13,617,521 |
| 130% High Cost Adjustment: | Yes |
| Applicable Fraction: | 100.00% |
| Qualified Basis: | \$17,702,777 |
| Applicable Rate: | 9.00% |
| Total Maximum Annual Federal Credit: | \$1,593,250 |
| Approved Developer Fee (in Project Cost & Eligible Basis): | \$2,500,000 |
| Federal Tax Credit Factor: | \$0.85000 |

The "as if vacant" land value and the existing improvement value established at application, 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, unless a waiver has been granted for a purchase price not to exceed the sum of third party debt that will be assumed or paid off. The sum of the third party debt encumbering the property may increase during subsequent reviews to reflect the actual amount.

Tie-Breaker Information

| | |
|-------------------|---------------------|
| First: | Large Family |
| Self-Score Final: | 128.992% |
| CTCAC Final: | 128.861% |

Significant Information / Additional Conditions

Staff noted a per unit development cost of \$830,213. The applicant noted that the per unit cost is attributed to state and federal prevailing wage requirements, soils import and export requirements, fire-resistant building design measures, insurance costs, and impact fees.

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-25-045 must be completed as part of the placed in service package.

Resyndication and Resyndication Transfer Event: None.

Local Reviewing Agency

The Local Reviewing Agency has not yet completed a site review of this project. Any negative comments in the LRA report will cause this staff report to be revised to reflect such comments.

Standard Conditions

The applicant must submit all documentation required for a Carryover Allocation and any Readiness to Proceed Requirements elected. Failure to provide the documentation at the time required may result in rescission of the Credit reservation and cancellation of a carryover allocation.

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 performance deposit and allocation 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.

The applicant must ensure the project meets all Additional Threshold Requirements of the proposed project. If points were awarded for service amenities, the applicant will be required to provide such amenity or amenities identified in the application, for a minimum period of fifteen years and at no cost to the tenants. Applicants that received increases (exceptions to limits) in the threshold basis limit under Section 10327(c)(5) must submit the certification required by Section 10322(i)(2) at project completion.

| Points System | Max. Possible Points | Requested Points | Points Awarded |
|--|-----------------------------|-------------------------|-----------------------|
| Owner / Management Characteristics | 10 | 10 | 10 |
| General Partner Experience | 7 | 7 | 7 |
| Management Experience | 3 | 3 | 3 |
| Housing Needs | 10 | 10 | 10 |
| Site Amenities | 15 | 15 | 15 |
| Within 1/3 mile of transit station or public bus stop | 4 | 4 | 4 |
| Within 1 1/2 miles of public park or community center open to general public | 2 | 2 | 2 |
| Within 1 mile of a full-scale grocery/supermarket of at least 25,000 sf | 5 | 5 | 5 |
| Within 1 1/2 miles of an adult education campus or community college | 3 | 3 | 0 |
| Within 1 mile of medical clinic or hospital | 3 | 3 | 3 |
| Within 1 mile of a pharmacy | 2 | 2 | 2 |
| Service Amenities | 10 | 10 | 10 |
| LARGE FAMILY, SENIOR, AT-RISK HOUSING TYPES | | | |
| Adult ed/health & wellness/skill bldg classes, min. 60 hrs/yr instruction | 5 | 5 | 5 |
| After school program for school age children, minimum of 10 hours/week | 5 | 5 | 5 |
| SPECIAL NEEDS, SRO HOUSING TYPES | | | |
| Lowest Income | 52 | 52 | 52 |
| Basic Targeting | 50 | 50 | 50 |
| Deeper Targeting – at least 10% of Low Income Units @ 30% AMI or less | 2 | 2 | 2 |
| Readiness to Proceed | 10 | 10 | 10 |
| Miscellaneous Federal and State Policies | 2 | 2 | 2 |
| Utilizing Excess State-Owned Land | 2 | 2 | 2 |
| Total Points | 109 | 109 | 109 |

Please Note: If more than the maximum Site Amenity points were requested, not all amenities may have been scored and/or verified.

DO NOT RELY ON SCORING IN THIS COMPETITIVE CYCLE FOR FUTURE APPLICATIONS. ALL RE-APPLICATIONS ARE REVIEWED WITHOUT RELIANCE ON PAST SCORING.