

**CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Qualified Private Activity Tax-Exempt Bond Project
August 5, 2025**

The project, 41st & Soquel Apartments, located at 2755 41st Avenue in Soquel on a 2.71 acre site, requested and is being recommended for a reservation of \$10,668,462 in annual federal tax credits and \$8,480,000 in total state tax credits and \$105,000,000 of tax-exempt bond cap to finance the new construction of 256 units of housing, consisting of 253 restricted rental units and 3 unrestricted manager's units. The project will have 20 studio units, 100 one-bedroom units, 71 two-bedroom units, and 65 three-bedroom units, serving families with rents affordable to households earning 30%-70% of area median income (AMI). The construction is expected to begin in January 2026 and be completed in July 2028. The project will be developed by Pacific West Communities, Inc. and will be located in Senate District 17 and Assembly District 30.

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

Project Number	CA-25-533
Project Name	41st & Soquel Apartments
Site Address:	2755 41st Avenue Soquel, CA 95073
County:	Santa Cruz
Census Tract:	1220.05

Tax Credit Amounts	Federal/Annual	State/Total *
Requested:	\$10,668,462	\$8,480,000
Recommended:	\$10,668,462	\$8,480,000

* The applicant made an election to sell (Certificate) all or any portion of the state credits.

Tax-Exempt Bond Allocation	
Recommended:	\$105,000,000

CTCAC Applicant Information	
CTCAC Applicant/CDLAC Sponsor:	Linc Housing Corporation
Contact:	Anders Plett
Address:	3590 Elm Avenue Long Beach, CA 90807
Phone:	(562)684-1131
Email:	aplett@linchousing.org

Bond Financing Information	
CDLAC Applicant/Bond Issuer:	California Municipal Finance Authority (CMFA)
Bond Counsel:	Orrick, Herrington & Sutcliffe LLP
Private Placement Purchaser:	Citibank, N.A.

Development Team

General Partners / Principal Owners:	Linc Soquel Dr LLC TPC Holdings IX, LLC
General Partner Type:	Joint Venture
Parent Companies:	Linc Housing Corporation The Pacific Companies
Developer:	Pacific West Communities, Inc.
Investor/Consultant:	Boston Financial
Management Agent:	ConAm Management Corporation

Project Information

Construction Type:	New Construction
Total # Residential Buildings:	1
Total # of Units:	256
No. / % of Low Income Units:	253 100.00%
Average Targeted Affordability:	54.98%
Federal Set-Aside Elected:	40%/60% Average Income
Federal Subsidy:	Tax-Exempt / HUD Section 8 Project-based Vouchers (91 Units - 36%)

Information

Housing Type:	Large Family
Geographic Area:	Bay Area Region
State Ceiling Pool:	New Construction
CDLAC Project Analyst:	Sarah Lester
CTCAC Project Analyst:	Sabrina Yang

55-Year Use / Affordability

Aggregate Targeting	Number of Units	Percentage of Affordable Units
30% AMI:	92	36%
50% AMI:	4	2%
60% AMI:	4	2%
70% AMI*:	153	60%

*CTCAC restricted only

Unit Mix

20	SRO/Studio Units
100	1-Bedroom Units
71	2-Bedroom Units
65	3-Bedroom Units
256	Total Units

Unit Type & Number	2025 Rents Targeted % of Area Median Income	Proposed Rent (including utilities)
1 SRO/Studio	30%	\$1,038
1 SRO/Studio	50%	\$1,731
1 SRO/Studio	60%	\$2,077
17 SRO/Studio	70%	\$2,423
63 1 Bedroom	30%	\$1,112
1 1 Bedroom	50%	\$1,854
1 1 Bedroom	60%	\$2,225
35 1 Bedroom	70%	\$2,596
14 2 Bedrooms	30%	\$1,335
1 2 Bedrooms	50%	\$2,225
1 2 Bedrooms	60%	\$2,670
52 2 Bedrooms	70%	\$3,115
14 3 Bedrooms	30%	\$1,542
1 3 Bedrooms	50%	\$2,571
1 3 Bedrooms	60%	\$3,085
49 3 Bedrooms	70%	\$3,599
3 2 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$788,281
Construction Costs	\$147,746,266
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$7,400,000
Soft Cost Contingency	\$980,000
Relocation	\$0
Architectural/Engineering	\$2,625,000
Const. Interest, Perm. Financing	\$15,742,400
Legal Fees	\$225,000
Reserves	\$3,060,576
Other Costs	\$12,478,703
Developer Fee	\$19,800,000
Commercial Costs	\$0
Total	\$210,846,226

Residential

Construction Cost Per Square Foot:	\$508
Per Unit Cost:	\$823,618
Estimated Hard Per Unit Cost:	\$511,207
True Cash Per Unit Cost*:	\$769,712
Bond Allocation Per Unit:	\$410,156
Bond Allocation Per Restricted Rental Unit:	\$1,050,000

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
Citibank: Tax-Exempt	\$105,000,000	Citibank: Tax-Exempt	\$58,300,000
Citibank: Taxable	\$20,051,193	Bonneville: Recycled Tax-Exempt	\$12,000,000
Bonneville: Recycled Tax-Exempt	\$12,000,000	Safehold, Inc.	\$31,981,515
Safehold, Inc.	\$31,981,515	Deferred Developer Fee	\$13,800,000
Deferred Costs	\$3,060,576	Tax Credit Equity	\$94,764,711
Deferred Developer Fee	\$19,800,000	TOTAL	\$210,846,226
Tax Credit Equity	\$18,952,942		

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$205,162,737
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$266,711,558
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$10,668,462
Total State Credit:	\$8,480,000
Approved Developer Fee (in Project Cost & Eligible Basis):	\$19,800,000
Federal Tax Credit Factor:	\$0.81992
State Tax Credit Factor:	\$0.85991

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

Staff noted a per unit development cost of \$769,712. The applicant noted that this per unit cost is attributed to a requirement to pay prevailing wages, being in a high cost area, and containing a podium parking structure.

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	10
Site Amenities	10	10	10
Service Amenities	10	10	10
Cost Containment	12	12	12
Negative Points	No Maximum		0
Total Points	120	110	120

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: 138.085%