

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

**Project Staff Report
2025 Waiting List Project
September 30, 2025**

Monterey Crossing Family Apartments, located at 1422 Monterey Street in San Luis Obispo, requested and is being recommended for a reservation of \$2,500,000 in annual federal tax credits and \$9,858,189 in total state tax credits to finance the new construction of 50 units of housing serving families with rents affordable to households earning 30%-60% of area median income (AMI). The project will be developed by San Luis Obispo Nonprofit Housing Corporation 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. The project financing includes state funding from the Infill Infrastructure Grant (IIG) program of HCD.

Project Number CA-25-078

Project Name Monterey Crossing Family Apartments
Site Address: 1422 Monterey Street
San Luis Obispo, CA 93401
County: San Luis Obispo
Census Tract: 110.02

| Tax Credit Amounts | Federal/Annual | State/Total * |
|---------------------------|-----------------------|----------------------|
| Requested: | \$2,500,000 | \$9,858,189 |
| Recommended: | \$2,500,000 | \$9,858,189 |

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

Applicant Information

Applicant: San Luis Obispo Nonprofit Housing Corporation
Contact: Ken Litzinger
Address: 487 Leff Street
San Luis Obispo, CA 93401
Phone: (805)594-5304
Email: klitzinger@haslo.org

General Partners / Principal Owners: San Luis Obispo Nonprofit Housing Corporation
The Fort Group, LLC

General Partner Type: Joint Venture

Parent Companies: San Luis Obispo Nonprofit Housing Corporation
The Fort Group, LLC

Developer: San Luis Obispo Nonprofit Housing Corporation
Investor/Consultant: California Housing Partnership
Management Agent: Housing Authority San Luis Obispo

Project Information

Construction Type: New Construction
Total # Residential Buildings: 3
Total # of Units: 51
No. & % of Tax Credit Units: 50 100%
Federal Set-Aside Elected: 40%/60%
Federal Subsidy: HUD Section 8 Project-based Vouchers (30 Units - 60%)

Information

Set-Aside: N/A
Housing Type: Large Family
Geographic Area: Central Coast Region
CTCAC Project Analyst: Chris Saenz

55-Year Use / Affordability

| <u>Aggregate Targeting</u> | <u>Number of Units</u> | <u>Percent of Required Affordable Units</u> |
|----------------------------|------------------------|---|
| At or Below 30% AMI: | 24 | 45% |
| At or Below 40% AMI: | 10 | 20% |
| At or Below 50% AMI: | 8 | 15% |
| At or Below 60% AMI: | 8 | 15% |

Unit Mix

| | |
|-----------|--------------------|
| 3 | SRO/Studio Units |
| 20 | 1-Bedroom Units |
| 14 | 2-Bedroom Units |
| 14 | 3-Bedroom Units |
| <u>51</u> | <u>Total Units</u> |

| <u>Unit Type & Number</u> | <u>2025 Rents Targeted % of Area Median Income</u> | <u>Proposed Rent (including utilities)</u> |
|-------------------------------|--|--|
| 2 SRO/Studio | 30% | \$729 |
| 7 1 Bedroom | 30% | \$781 |
| 7 2 Bedrooms | 30% | \$938 |
| 8 3 Bedrooms | 30% | \$1,084 |
| 1 SRO/Studio | 40% | \$973 |
| 4 1 Bedroom | 40% | \$1,042 |
| 3 2 Bedrooms | 40% | \$1,251 |
| 2 3 Bedrooms | 40% | \$1,445 |
| 4 1 Bedroom | 50% | \$1,303 |
| 2 2 Bedrooms | 50% | \$1,563 |
| 2 3 Bedrooms | 50% | \$1,806 |
| 5 1 Bedroom | 60% | \$1,563 |
| 2 2 Bedrooms | 60% | \$1,876 |
| 1 3 Bedrooms | 60% | \$2,168 |
| 1 3 Bedrooms | Manager's Unit | \$0 |

Project Cost Summary at Application

| | |
|----------------------------------|---------------------|
| Land and Acquisition | \$4,550,000 |
| Construction Costs | \$35,573,391 |
| Rehabilitation Costs | \$0 |
| Construction Contingency | \$2,193,608 |
| Relocation | \$0 |
| Architectural/Engineering | \$1,084,356 |
| Const. Interest, Perm. Financing | \$4,825,939 |
| Legal Fees | \$75,000 |
| Reserves | \$287,227 |
| Other Costs | \$2,488,905 |
| Developer Fee | \$2,500,000 |
| Commercial Costs | \$0 |
| Total | \$53,578,426 |

Residential

| | |
|------------------------------------|-------------|
| Construction Cost Per Square Foot: | \$623 |
| Per Unit Cost: | \$1,050,557 |
| True Cash Per Unit Cost*: | \$1,030,950 |

| Construction Financing | | Permanent Financing | |
|------------------------------------|---------------|------------------------------------|---------------------|
| <u>Source</u> | <u>Amount</u> | <u>Source</u> | <u>Amount</u> |
| Banc of California | \$38,699,844 | Banc of California | \$10,270,000 |
| HCD: IIG | \$3,745,858 | HCD: IIG | \$4,162,064 |
| HASLO ¹ | \$3,872,123 | HASLO ¹ | \$3,872,123 |
| San Luis Obispo Housing Trust Fund | \$1,500,000 | San Luis Obispo Housing Trust Fund | \$1,500,000 |
| Deferred Costs | \$1,633,478 | Deferred Developer Fee | \$1,000,000 |
| Deferred Developer Fee | \$1,000,000 | Tax Credit Equity | \$32,774,239 |
| Tax Credit Equity | \$3,127,123 | TOTAL | \$53,578,426 |

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

¹Housing Authority of the City of San Luis Obispo

Determination of Credit Amount(s)

| | |
|--|--------------|
| Requested Eligible Basis: | \$32,860,629 |
| 130% High Cost Adjustment: | Yes |
| Applicable Fraction: | 100.00% |
| Qualified Basis: | \$32,860,629 |
| Applicable Rate: | 9.00% |
| Total Maximum Annual Federal Credit: | \$2,500,000 |
| Total State Credit: | \$9,858,189 |
| Approved Developer Fee (in Project Cost & Eligible Basis): | \$2,500,000 |
| Federal Tax Credit Factor: | \$0.94822 |
| State Tax Credit Factor: | \$0.91991 |

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: | 67.473% |
| CTCAC Final: | 67.473% |

Significant Information / Additional Conditions

Staff noted that the preliminary architectural drawings lacks detailed description of suitable play area for children ages 2-12 and 13-17. The applicant is cautioned that outdoor play/recreational space must be constructed with appropriate amenities and/or be provided with reasonable play equipment suitable for children ages 2-12 and 13-17 pursuant to CTCAC Regulations 10325(g)(1)(D).

Resyndication and Resyndication Transfer Event: None.

Local Reviewing Agency

The Local Reviewing Agency, the City of San Luis Obispo, has completed a site review of this project and strongly supports this project.

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 1/4 mile of transit station or public bus stop | 4 | 4 | 4 |
| Within 1/2 mile of public park or community center open to general public | 3 | 3 | 3 |
| Within 1/2 mile of public library | 3 | 3 | 3 |
| Within 1/2 mile of a full-scale grocery/supermarket of at least 25,000 sf | 5 | 5 | 5 |
| Within 1 mile of medical clinic or hospital | 2 | 2 | 2 |
| Highest or High Resource Area | 8 | 8 | 8 |
| Service Amenities | 10 | 10 | 10 |
| LARGE FAMILY, SENIOR, AT-RISK HOUSING TYPES | | | |
| Service Coordinator, minimum ratio of 1 FTE to 600 bedrooms | 5 | 5 | 5 |
| Adult ed/health & wellness/skill bldg classes, min. 60 hrs/yr instruction | 5 | 5 | 5 |
| 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 |
| Smoke Free Residence | 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.