

**CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Qualified Private Activity Tax-Exempt Bond Project
December 10, 2025**

The project, 5370 Napa, located at 5370-5390 Napa Street in San Diego on a 0.51 acre site, requested and is being recommended for a reservation of \$2,270,986 in annual federal tax credits and \$12,228,394 of tax-exempt bond cap to finance the new construction of 100 units of housing, consisting of 99 restricted rental units and 1 unrestricted manager's unit. The project will have 15 studio units, 35 one-bedroom units, 25 two-bedroom units, and 25 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 May 2026 and be completed in August 2027. The project will be developed by Cypress Equity Investments LLC and will be located in Senate District 38 and Assembly District 78.

Project Number CA-25-757

Project Name 5370 Napa
Site Address: 5370-5390 Napa Street
San Diego, CA 92110
County: San Diego
Census Tract: 0091.07

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$2,270,986	\$0
Recommended:	\$2,270,986	\$0

Tax-Exempt Bond Allocation
Recommended: \$12,228,394

CTCAC Applicant Information
CTCAC Applicant/CDLAC Sponsor: Napa Street San Diego LP
Contact: Kim Borja
Address: 12121 Wilshire Boulevard, Suite 801
Los Angeles, CA 90025
Phone: 253.228.7889
Email: kim@cypressequity.com

Bond Financing Information
CDLAC Applicant/Bond Issuer: California Municipal Finance Authority
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Private Placement Purchaser: Citi Community Capital

Development Team
General Partners / Principal Owners: Pacific Housing Inc.
Cypress Napa Street San Diego Venture LLC
Impact Napa Street San Diego LLC
General Partner Type: Joint Venture
Parent Companies: Pacific Housing, Inc.
Cypress Napa Street San Diego Venture LLC
Impact Napa Street San Diego LLC
Developer: Cypress Equity Investments LLC
Investor/Consultant: Berkadia
Management Agent: WinnResidential California LP

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 1
 Total # of Units: 100
 No. / % of Low Income Units: 99 100.00%
 Average Targeted Affordability: 59.90%
 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: Daisy Andrade
 CTCAC Project Analyst: Sopida Steinwert

55-Year Use / Affordability

<u>Aggregate Targeting</u>	<u>Number of Units</u>	<u>Percentage of Affordable Units</u>
30% AMI:	10	10%
50% AMI:	15	15%
60% AMI:	30	30%
70% AMI*:	44	44%

*CTCAC restricted only

Unit Mix

15	SRO/Studio Units
35	1-Bedroom Units
25	2-Bedroom Units
25	3-Bedroom Units
100	Total Units

<u>Unit Type & Number</u>	<u>2025 Rents Targeted % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
10 SRO/Studio	30%	\$868
5 SRO/Studio	50%	\$1,447
4 1 Bedroom	50%	\$1,550
30 1 Bedroom	70%	\$2,170
3 2 Bedrooms	50%	\$1,861
22 2 Bedrooms	60%	\$2,233
3 3 Bedrooms	50%	\$2,150
8 3 Bedrooms	60%	\$2,580
14 3 Bedrooms	70%	\$3,010
1 1 Bedroom	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$440,000
Construction Costs	\$27,946,650
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$1,397,332
Soft Cost Contingency	\$726,271
Relocation	\$0
Architectural/Engineering	\$2,049,501
Const. Interest, Perm. Financing	\$4,384,400
Legal Fees	\$1,293,000
Reserves	\$456,610
Other Costs	\$2,783,804
Developer Fee	\$5,696,456
Commercial Costs	\$0
Total	\$47,174,024

Residential

Construction Cost Per Square Foot:	\$305
Per Unit Cost:	\$471,740
Estimated Hard Per Unit Cost:	\$251,900
True Cash Per Unit Cost*:	\$440,431
Bond Allocation Per Unit:	\$122,284
Bond Allocation Per Restricted Rental Unit:	\$222,334

Construction Financing

Source	Amount
Citibank: Tax-Exempt	\$12,228,394
Citibank: Recycled Tax-Exempt	\$1,889,961
Citibank: Taxable	\$15,353,443
Safehold, Inc.	\$4,851,576
Deferred Costs	\$2,763,760
Deferred Developer Fee	\$3,130,971
General Partner Equity	\$4,135,700
Tax Credit Equity	\$2,820,219

Permanent Financing

Source	Amount
Citibank: Tax-Exempt	\$15,666,055
Safehold, Inc.	\$4,851,576
Net Operating Income	\$164,119
Deferred Developer Fee	\$3,130,971
General Partner Equity	\$4,135,700
Tax Credit Equity	\$19,225,603
TOTAL	\$47,174,024

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$43,672,834
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$56,774,684
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$2,270,986
Approved Developer Fee (in Project Cost & Eligible Basis):	\$5,696,456
Federal Tax Credit Factor:	\$0.84658

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

This Project's annual per unit operating expense total is below the CTCAC published per unit operating minimums of \$5,700. As allowed by CTCAC Regulation Section 10327(g)(1), CTCAC approves an annual per unit operating expense total of \$5,690 on agreement of the permanent lender and equity investor.

The proposed rent does not include a utility allowance. The owner will pay for all utilities.

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 25% 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	0
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: 238.393%