

**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, 101 Ash St, located at 101 Ash Street in San Diego on a 1.02 acre site, requested and is being recommended for a reservation of \$9,560,775 in annual federal tax credits and \$63,845,405 of tax-exempt bond cap to finance the adaptive reuse of 250 units of housing, consisting of 247 restricted rental units and 3 unrestricted manager's units. The project has 68 studio units, 52 one-bedroom units, 68 two-bedroom units, and 62 three-bedroom units, serving tenants with rents affordable to households earning 30%-80% of area median income (AMI). The rehabilitation is expected to begin in May 2026 and be completed in May 2028. The project will be developed by MRK Partners, Inc. and will be located in Senate District 39 and Assembly District 77.

**Project Number** CA-25-776

**Project Name** 101 Ash St  
Site Address: 101 Ash Street  
San Diego, CA 92101  
County: San Diego  
Census Tract: 0053.02

| <b>Tax Credit Amounts</b> | <b>Federal/Annual</b> | <b>State/Total</b> |
|---------------------------|-----------------------|--------------------|
| Requested:                | \$9,560,775           | \$0                |
| Recommended:              | \$9,560,775           | \$0                |

**Tax-Exempt Bond Allocation**  
Recommended: \$63,845,405

**CTCAC Applicant Information**  
CTCAC Applicant/CDLAC Sponsor: MRK Partners, Inc.  
Contact: Sydne Garchik  
Address: 2711 North Sepulveda Boulevard, # 526  
Manhattan Beach, CA 90266  
Phone: 424.999.4581  
Email: sgarchik@mrkpartners.com

**Bond Financing Information**  
CDLAC Applicant/Bond Issuer: California Housing Finance Agency  
Bond Counsel: Orrick, Herrington & Sutcliffe LLP  
Private Placement Purchaser: CBRE Capital Markets

**Development Team**  
General Partners / Principal Owners: 101 Ash AGP LLC  
Pacific Southwest Community Development Corporation  
General Partner Type: Joint Venture  
Parent Companies: MRK Partners, Inc.  
Pacific Southwest Community Development Corporation  
Developer: MRK Partners, Inc.  
Investor/Consultant: R4 Capital  
Management Agent: WinnResidential California LP

**Project Information**

|                                 |                        |
|---------------------------------|------------------------|
| Construction Type:              | Adaptive Reuse         |
| Total # Residential Buildings:  | 1                      |
| Total # of Units:               | 250                    |
| No. / % of Low Income Units:    | 247            100.00% |
| Average Targeted Affordability: | 60.00%                 |
| Federal Set-Aside Elected:      | 40%/60% Average Income |
| Federal Subsidy:                | Tax-Exempt             |

**Information**

|                        |                |
|------------------------|----------------|
| Housing Type:          | Non-Targeted   |
| Geographic Area:       | Coastal Region |
| CDLAC Project Analyst: | Jake Salle     |
| CTCAC Project Analyst: | Ruben Barcelo  |

**55-Year Use / Affordability**

| <u>Aggregate Targeting</u> | <u>Number of Units</u> | <u>Percentage of Affordable Units</u> |
|----------------------------|------------------------|---------------------------------------|
| 30% AMI:                   | 25                     | 10%                                   |
| 40% AMI:                   | 38                     | 15%                                   |
| 60% AMI:                   | 71                     | 29%                                   |
| 70% AMI*:                  | 75                     | 30%                                   |
| 80% AMI*:                  | 38                     | 15%                                   |

\*CTCAC restricted only

**Unit Mix**

|     |                  |
|-----|------------------|
| 68  | SRO/Studio Units |
| 52  | 1-Bedroom Units  |
| 68  | 2-Bedroom Units  |
| 62  | 3-Bedroom Units  |
| 250 | Total Units      |

| <b>Unit Type<br/>&amp; Number</b> | <b>2025 Rents Targeted % of<br/>Area Median Income</b> | <b>Proposed Rent<br/>(including utilities)</b> |
|-----------------------------------|--|--|
| 10 SRO/Studio                     | 80%  | \$2,316  |
| 8 1 Bedroom                       | 80%  | \$2,481  |
| 11 2 Bedrooms                     | 80%  | \$2,978  |
| 9 3 Bedrooms                      | 80%  | \$3,441  |
| 21 SRO/Studio                     | 70%  | \$2,026  |
| 15 1 Bedroom                      | 70%  | \$2,170  |
| 20 2 Bedrooms                     | 70%  | \$2,605  |
| 19 3 Bedrooms                     | 70%  | \$3,010  |
| 20 SRO/Studio                     | 60%  | \$1,737  |
| 15 1 Bedroom                      | 60%  | \$1,860  |
| 18 2 Bedrooms                     | 60%  | \$2,233  |
| 18 3 Bedrooms                     | 60%  | \$2,580  |
| 10 SRO/Studio                     | 40%  | \$1,158  |
| 8 1 Bedroom                       | 40%  | \$1,240  |
| 10 2 Bedrooms                     | 40%  | \$1,489  |
| 10 3 Bedrooms                     | 40%  | \$1,720  |
| 7 SRO/Studio                      | 30%  | \$868  |
| 5 1 Bedroom                       | 30%  | \$930  |
| 7 2 Bedrooms                      | 30%  | \$1,116  |
| 6 3 Bedrooms                      | 30%  | \$1,290  |
| 1 1 Bedroom                       | Manager's Unit   | \$0  |
| 2 2 Bedrooms                      | Manager's Unit   | \$0  |

**Project Cost Summary at Application**

|                                    |                      |
|------------------------------------|----------------------|
| Land and Acquisition               | \$45,700,000         |
| Construction Costs                 | \$131,923,866        |
| Rehabilitation Costs               | \$0                  |
| Construction Hard Cost Contingency | \$11,204,122         |
| Soft Cost Contingency              | \$474,084            |
| Relocation                         | \$0                  |
| Architectural/Engineering          | \$3,801,030          |
| Const. Interest, Perm. Financing   | \$22,031,913         |
| Legal Fees                         | \$800,000            |
| Reserves                           | \$1,393,815          |
| Other Costs                        | \$3,849,000          |
| Developer Fee                      | \$30,843,191         |
| Commercial Costs                   | \$0                  |
| <b>Total</b>                       | <b>\$252,021,021</b> |

## Residential

|   |             |
|---|-------------|
| Construction Cost Per Square Foot:          | \$421       |
| Per Unit Cost:                              | \$1,008,084 |
| Estimated Hard Per Unit Cost:               | \$459,471   |
| True Cash Per Unit Cost*:                   | \$705,535   |
| Bond Allocation Per Unit:                   | \$255,382   |
| Bond Allocation Per Restricted Rental Unit: | \$476,458   |

| Construction Financing        |              | Permanent Financing        |                      |
|-------------------------------|--------------|----------------------------|----------------------|
| Source                        | Amount       | Source                     | Amount               |
| CBRE: Tax-Exempt              | \$57,536,132 | CBRE: Tax-Exempt           | \$57,536,132         |
| Citibank: Tax-Exempt          | \$6,309,273  | Seller Carryback           | \$45,600,000         |
| Citibank: Recycled Tax-Exempt | \$20,161,682 | Net Operating Income       | \$1,812,579          |
| Citibank: Taxable             | \$55,565,281 | Deferred Developer Fee     | \$30,037,332         |
| Seller Carryback              | \$45,600,000 | Historic Tax Credit Equity | \$34,812,313         |
| Net Operating Income          | \$1,812,579  | Tax Credit Equity          | \$82,222,665         |
| Deferred Developer Fee        | \$30,037,332 | <b>TOTAL</b>               | <b>\$252,021,021</b> |
| Tax Credit Equity             | \$34,998,742 |                            |                      |

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

### Determination of Credit Amount(s)

|  |               |
|--|---------------|
| Requested Eligible Basis:                                  | \$143,540,983 |
| 130% High Cost Adjustment:                                 | Yes           |
| Requested Eligible Basis (Acquisition):                    | \$52,440,000  |
| Applicable Fraction:                                       | 100.00%       |
| Qualified Basis:   | \$186,603,278 |
| Qualified Basis (Acquisition):                             | \$52,440,000  |
| Applicable Rate:   | 4.00%         |
| Maximum Annual Federal Credit, Rehabilitation:             | \$7,463,175   |
| Maximum Annual Federal Credit, Acquisition:                | \$2,097,600   |
| Total Maximum Annual Federal Credit:                       | \$9,560,775   |
| Approved Developer Fee (in Project Cost & Eligible Basis): | \$30,843,191  |
| Federal Tax Credit Factor:                                 | \$0.86000     |

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 will be the adaptive reuse of an existing 21-story office building built in 1968. The building is currently vacant. Upon completion, the project will provide 247 LIHTC units and 3 manager units.

This Project's annual per unit operating expense total is below the CTCAC published per unit operating minimums of \$6,100. As allowed by CTCAC Regulation Section 10327(g)(1), CTCAC approves an annual per unit operating expense total of \$5,734 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).

| <b>Point Criteria</b>                                    | <b>New Const. Max. Points</b> | <b>Rehabilitation Max. Points</b> | <b>Points Scored</b> |
|--|-------------------------------|-----------------------------------|----------------------|
| 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                                 | 9                    |
| Site Amenities   | 10                            | 10                                | 10                   |
| Service Amenities  | 10                            | 10                                | 10                   |
| Cost Containment   | 12                            | 12                                | 12                   |
| Negative Points  | No Maximum                    |                                   | 0                    |
| <b>Total Points</b>                                      | 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:** 179.990%