

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

Olive Park Apartments, located at Western Terminus of Olive Drive in Oceanside on a 6.3 acre site, requested and is being recommended for a reservation of \$6,650,343 in annual federal tax credits and \$34,000,000 of tax-exempt bond cap to finance the new construction of 199 units of housing, consisting of 197 restricted rental units and 2 unrestricted manager's units. The project will have 48 one-bedroom units, 59 two-bedroom units, and 92 three-bedroom units, serving families with rents affordable to households earning 30%-80% of area median income (AMI). The construction is expected to begin in June 2026 and be completed in June 2028. The project will be developed by Capstone Equities, LLC and will be located in Senate District 38 and Assembly District 74.

The project will be receiving rental assistance in the form of HUD Veterans Affairs Supportive Housing (VASH) Project-based Vouchers and HUD Section 8 Project-based Vouchers.

Project Number CA-25-795

Project Name Olive Park Apartments
Site Address: Western Terminus of Olive Drive
Oceanside, CA 92056
County: San Diego
Census Tract: 0185.16

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$6,650,343	\$0
Recommended:	\$6,650,343	\$0

Tax-Exempt Bond Allocation
Recommended: \$34,000,000

CTCAC Applicant Information
CTCAC Applicant/CDLAC Sponsor: Capstone Equities, LLC
Contact: Brian Mikail
Address: 5455 Wilshire Boulevard, Suite 1012
Los Angeles, CA 90036
Phone: (310) 666-6860
Email: bmikail@capstoneequities.com

Bond Financing Information
CDLAC Applicant/Bond Issuer: California Municipal Finance Authority
Bond Counsel: Anzel Galvan LLP
Private Placement Purchaser: Citibank, N.A.

Development Team

General Partners / Principal Owners: CE Olive Park Apartments, LLC
 Las Palmas Foundation

General Partner Type: Joint Venture

Parent Companies: Capstone Equities, LLC
 Las Palmas Foundation

Developer: Capstone Equities, LLC

Investor/Consultant: R4 Capital

Management Agent: CONAM Management Corporation

Project Information

Construction Type: New Construction

Total # Residential Buildings: 2

Total # of Units: 199

No. / % of Low Income Units: 197 100.00%

Average Targeted Affordability: 60.00%

Federal Set-Aside Elected: 40%/60% Average Income

Federal Subsidy: Tax-Exempt / HUD-VASH Project-based Vouchers (11 Units - 6%) / HUD Section 8 Project-based Vouchers (50 Units - 25%)

Information

Housing Type: Large Family

Geographic Area: Coastal Region

State Ceiling Pool: New Construction

CDLAC Project Analyst: Anthony Wey

CTCAC Project Analyst: Michael Couzens

55-Year Use / Affordability

Aggregate Targeting	Number of Units	Percentage of Affordable Units
30% AMI:	50	25%
40% AMI:	11	6%
60% AMI:	22	11%
70% AMI*:	56	28%
80% AMI*:	58	29%

*CTCAC restricted only

Unit Mix

48	1-Bedroom Units
59	2-Bedroom Units
92	3-Bedroom Units
199	Total Units

<u>Unit Type & Number</u>	<u>2025 Rents Targeted % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
5 1 Bedroom	30%	\$930
11 1 Bedroom	40%	\$1,240
18 1 Bedroom	60%	\$1,860
14 1 Bedroom	70%	\$2,170
15 2 Bedrooms	30%	\$1,116
42 2 Bedrooms	70%	\$2,605
30 3 Bedrooms	30%	\$1,290
4 3 Bedrooms	60%	\$2,580
58 3 Bedrooms	80%	\$3,328
2 2 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$8,081,100
Construction Costs	\$83,396,158
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$4,557,308
Soft Cost Contingency	\$1,091,809
Relocation	\$0
Architectural/Engineering	\$4,761,316
Const. Interest, Perm. Financing	\$15,937,089
Legal Fees	\$710,000
Reserves	\$2,325,000
Other Costs	\$6,333,224
Developer Fee	\$16,714,698
Commercial Costs	\$0
Total	\$143,907,702

Residential

Construction Cost Per Square Foot:	\$315
Per Unit Cost:	\$723,154
Estimated Hard Per Unit Cost:	\$392,569
True Cash Per Unit Cost*:	\$669,312
Bond Allocation Per Unit:	\$170,854
Bond Allocation Per Restricted Rental Unit:	\$409,639

Construction Financing

<u>Source</u>	<u>Amount</u>
Citibank: Tax-Exempt	\$34,000,000
Citibank: Recycled Tax-Exempt	\$15,000,000
Citibank: Taxable	\$63,000,000
City of Oceanside	\$6,000,000
Deferred Costs	\$1,064,804
Deferred Developer Fee	\$13,714,698
Tax Credit Equity	\$11,128,200

Permanent Financing

<u>Source</u>	<u>Amount</u>
Citibank: Tax-Exempt	\$71,722,493
City of Oceanside	\$6,000,000
Deferred Developer Fee	\$10,714,698
Tax Credit Equity	\$55,470,511
TOTAL	\$143,907,702

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$128,146,020
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$166,589,826
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$6,650,343
Approved Developer Fee (in Project Cost & Eligible Basis):	\$16,714,698
Federal Tax Credit Factor:	\$0.83410

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: None.

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: 255.971%