CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Qualified Private Activity Tax-Exempt Bond Project
September 1, 2026

Southern Hotel, located at 611 B Street & 1153-1165 6th Avenue in San Diego on a 0.23 acre site, requested $1,405,760 in annual federal tax credits but is being recommended for $1,386,897 in annual federal tax credits and $9,290,852 of tax-exempt bond cap to finance the acquisition & rehabilitation of 89 units of housing, consisting of 88 restricted rental units and 1 unrestricted manager's unit. The project has 89 studio units, serving tenants with rents affordable to households earning 30%-60% of area median income (AMI). The construction is expected to begin in February 2027 and be completed in February 2029. The project will be developed by Mirka Investments LLC and is located in Senate District 39 and Assembly District 77.

Project Number	CA-26-605
Project Name	Southern Hotel
Site Address:	611 B Street & 1153-1165 6th Avenue San Diego, CA 92101
County:	San Diego
Census Tract:	0053.01

Tax Credit Amounts

	Federal/Annual	State/Total
Requested:	$1,405,760	$0
Recommended:	$1,386,897	$0

Tax-Exempt Bond Allocation

Recommended:	$9,290,852

CTCAC Applicant Information

CTCAC Applicant/CDLAC Sponsor:	Mirka Southern Hotel LP
Contact:	Kursat Misirlioglu
Address:	600 B Street Suite 300 San Diego, CA 92101
Phone:	(619) 713 3213
Email:	kursatm@mirkainvest.com

Bond Financing Information

CDLAC Applicant/Bond Issuer:	CalHFA
Bond Counsel:	Orrick, Harrington & Sutcliffe LLP
Private Placement Purchaser:	KeyBank Community Development Lending

Development Team

General Partners / Principal Owners:	Southern Hotels AGP, LLC Mission Neighborhood Centers INC
General Partner Type:	Joint Venture
Parent Companies:	Mirka Investments, LLC Mission Neighborhood Centers INC
Developer:	Mirka Investments LLC
Investor/Consultant:	WNC
Management Agent:	Hyder & Company

Project Information

Construction Type:	Acquisition & Rehabilitation	
Total # Residential Buildings:	1	
Total # of Units:	89	
No. / % of Low Income Units:	88	100.00%
Average Targeted Affordability:	49.43%	
Federal Set-Aside Elected:	40%/60%	
Federal Subsidy:	Tax-Exempt	

Information

Housing Type:	Non-Targeted
Geographic Area:	Coastal Region
State Ceiling Pool:	Acquisition/Rehabilitation
Set Aside:	N/A
Project Analyst:	Marilynn Thao

55-Year Use / Affordability

Aggregate Targeting	Number of Units	Percentage of Affordable Units
30% AMI:	9	10%
40% AMI:	9	10%
45% AMI:	32	36%
60% AMI:	38	43%

Unit Mix

89	SRO/Studio Units
89	Total Units

Unit Type & Number		2025 Rents Targeted % of Area Median Income	Proposed Rent (including utilities)
38	SRO/Studio	60%	$1,490
32	SRO/Studio	45%	$941
9	SRO/Studio	40%	$837
9	SRO/Studio	30%	$835
1	SRO/Studio	Manager’s Unit	$0

Project Cost Summary at Application

Land and Acquisition	$8,606,001
Construction Costs	$0
Rehabilitation Costs	$12,675,837
Construction Hard Cost Contingency	$1,268,250
Soft Cost Contingency	$259,606
Relocation	$1,112,500
Architectural/Engineering	$790,000
Const. Interest, Perm. Financing	$3,102,932
Legal Fees	$435,000
Reserves	$271,536
Other Costs	$867,158
Developer Fee	$4,059,853
Commercial Costs	$2,555,781
Total	**$36,004,454**

Residential

Construction Cost Per Square Foot:	$427
Per Unit Cost:	$375,828
Estimated Hard Per Unit Cost:	$124,925
True Cash Per Unit Cost*:	$279,162
Bond Allocation Per Unit:	$104,392
Bond Allocation Per Restricted Rental Unit:	$105,578

Construction Financing

Source	Amount
KeyBank: Tax-Exempt	$9,290,852
KeyBank: Taxable	$10,402,948
Seller Carryback	$6,350,000
San Diego Housing Commission	$1,625,000
Accrued Interest	$635,000
Deferred Costs	$1,558,740
Deferred Developer Fee	$2,910,617
Historic Tax Credit Equity	$701,182
Tax Credit Equity	$2,530,115

Permanent Financing

Source	Amount
KeyBank: Tax-Exempt	$7,471,983
Seller Carryback	$6,350,000
San Diego Housing Commission	$1,625,000
Accrued Interest	$873,125
Net Operating Income	$617,244
Deferred Developer Fee	$2,910,617
Historic Tax Credit Equity	$3,505,910
Tax Credit Equity	$12,480,825
TOTAL	**$35,834,704**

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

Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation):	$21,620,071
130% High Cost Adjustment:	Yes
Requested Eligible Basis (Acquisition):	$6,566,320
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	$28,106,092
Qualified Basis (Acquisition):	$6,566,320
Applicable Rate:	4.00%
Maximum Annual Federal Credit, Rehabilitation:	$1,124,244
Maximum Annual Federal Credit, Acquisition:	$262,653
Total Maximum Annual Federal Credit:	$1,386,897
Approved Developer Fee in Project Cost:	$4,059,853
Approved Developer Fee in Eligible Basis:	$3,676,485
Federal Tax Credit Factor:	$0.89991

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.

Significant Information / Additional Conditions:
The project's sponsor is a BIPOC Entity that is a general partner in at least one California Low-Income Housing Tax Credit development that has received a certificate of occupancy, or if a rehabilitation project, completed rehabilitation, within ten years of the date of application. The project provided a certification from a third-party certified public accountant referred to in Section 10325(c)(1)(A)(i) of the CTCAC regulations for that development. The project sponsor shall have completed training as prescribed by CTCAC prior to a project's placing in service.

The project's developer fee was reduced in accordance with CTCAC Regulation Section 10327(c)(2)(B). The resulting shortfall of $169,750 is deemed an initial application error under CTCAC Regulation Section 10327(a), which is deemed covered by the contingency line item. The applicant must correct the balance of sources and uses in all future submissions to CTCAC and CDLAC, including the placed in service submission.

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 and the terms of the bond and tax credit award as presented in the application and summarized in this staff report. CTCAC will verify the project complied with all terms of the award at placed-in-service review.

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).

CA-26-605 / Southern Hotel

Points System	Max. Possible New Const.	Max. Possible Rehab.	Points Requested	Points Awarded
Acquisition/Rehabilitation Project Priorities	**0**	**20**	**18**	**18**
No distribution of net project equity to GP/related party No partial/full repayment of existing soft financing >500k or 1.5% TDC Cash-out developer fee limited to 80% of CTCAC cash-out limit	0	10	10	10
$120k+ hard costs/Tax Credit Units, 2+ major building systems	0	8	8	8
Project has never received LIHTC	0	7	7	7
New Construction Density and Local Incentives	**10**	**0**	**0**	**0**
Exceeding Minimum Income Restrictions	**20**	**20**	**20**	**20**
Tax Credit Units: 10% @ <=30% AMI & 10% @ <=50% AMI	20	20	20	20
Exceeding Minimum Rent Restrictions	**10**	**10**	**10**	**10**
Average targeted affordability is 25% below market comparables	10	10	10	10
General Partner & Management Company	**10**	**10**	**10**	**10**
General Partner Experience	7	7	7	7
Management Company Experience	3	3	3	3
Readiness to Proceed	**10**	**10**	**10**	**10**
Service Amenities	**10**	**10**	**10**	**10**
LARGE FAMILY, SENIOR, AT-RISK HOUSING TYPES; NON-TARGETED				
Adult ed/health & wellness/skill bldg classes, min. 60 hrs/yr instruction	5	5	5	5
Health & wellness services and programs, minimum 100 hrs per 100 bdrms	5	5	5	5
Cost Containment	**12**	**12**	**12**	**12**
Project eligible basis is 52% less than the CDLAC adjusted TBL; 1 pt per %	12	12	12	12
Site Amenities	**10**	**10**	**10**	**10**
Within ⅓ mile of transit, service every 30 min, 25 units/acre density	7	7	7	7
Within ½ mile of public park or community center open to general public	3	3	3	3
Within ½ mile of public library	3	3	3	0
Within ½ mile of a full-scale grocery/supermarket of at least 25,000 sf	5	5	5	0
Within 1 mile of an adult education campus or community college	3	3	3	3
Within ½ mile of medical clinic or hospital	3	3	3	3
Within ½ mile of a pharmacy	2	2	2	2
Total Points	**112**	**102**	**100**	**100**

Tie Breaker: 298.954%