CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Qualified Private Activity Tax-Exempt Bond Project
May 12, 2026

Island Gardens, located at 3545 Island Avenue in San Diego on a 3.2 acre site, requested and is being recommended for a reservation of $2,010,496 in annual federal tax credits and $14,355,000 of tax-exempt bond cap to finance the acquisition & rehabilitation of 122 units of housing, consisting of 121 restricted rental units and 1 unrestricted manager's unit. The project has 110 two-bedroom units, and 12 three-bedroom units, serving tenants with rents affordable to households earning 30%-60% of area median income (AMI). The construction is expected to begin in August 2026 and be completed in June 2027. The project will be developed by Foster Hamilton Affordable and is located in Senate District 71 and Assembly District 38.

Island Gardens is a resyndication of an existing Low Income Housing Tax Credit (LIHTC) project, Island Gardens Apartments (CA-2000-853). See Resyndication and Resyndication Transfer Event below for additional information. The project is currently at-risk, but is being recommended for a reservation of tax credits that will preserve affordability for an additional 55 years.

Project Number CA-26-467

Project Name Island Gardens
Site Address: 3545 Island Avenue
San Diego, CA 92102
County: San Diego
Census Tract: 0035.01

Tax Credit Amounts

	Federal/Annual	State/Total
Requested:	$2,010,496	$0
Recommended:	$2,010,496	$0

Tax-Exempt Bond Allocation
Recommended: $14,355,000

CTCAC Applicant Information
CTCAC Applicant/CDLAC Sponsor: Island Family Housing, LP
Contact: Justice Lepe
Address: 4380 Bonita Road
Bonita, CA 91902
Phone: 619-302-0265
Email: justicelepe@gmail.com

Bond Financing Information
CDLAC Applicant/Bond Issuer: California Statewide Communities Development Authority
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Private Placement Purchaser: Newmark

Development Team

General Partners / Principal Owners:	Island Family Apartments, LLC PSCDC Island LLC
General Partner Type:	Joint Venture
Parent Companies:	Foster Hamilton Affordable Pacific Southwest Community Development Corporation
Developer:	Foster Hamilton Affordable
Investor/Consultant:	PNC Bank
Management Agent:	Sherman Heights Property Mgmt Inc.

Project Information

Construction Type:	Acquisition & Rehabilitation	
Total # Residential Buildings:	11	
Total # of Units:	122	
No. / % of Low Income Units:	121	100.00%
Average Targeted Affordability:	55.70%	
Federal Set-Aside Elected:	40%/60%	
Federal Subsidy:	Tax-Exempt	

Information

Housing Type:	At-Risk
State Ceiling Pool:	Acquisition/Rehabilitation
CDLAC Project Analyst:	Stefanie McDaniels
CTCAC Project Analyst:	Jacob Paixao

55-Year Use / Affordability

Aggregate Targeting	Number of Units	Percentage of Affordable Units
30% AMI:	13	11%
50% AMI:	13	11%
60% AMI:	95	79%

Unit Mix

110	2-Bedroom Units
12	3-Bedroom Units
122	Total Units

Unit Type & Number		2025 Rents Targeted % of Area Median Income	Proposed Rent (including utilities)
12	2 Bedrooms	50%	$1,860
1	3 Bedrooms	50%	$2,150
85	2 Bedrooms	60%	$2,232
10	3 Bedrooms	60%	$2,580
12	2 Bedrooms	30%	$1,116
1	3 Bedrooms	30%	$1,290
1	2 Bedrooms	Manager’s Unit	$2,424

Project Cost Summary at Application

Land and Acquisition	$30,200,000
Construction Costs	$0
Rehabilitation Costs	$9,851,059
Construction Hard Cost Contingency	$985,106
Soft Cost Contingency	$100,000
Relocation	$244,000
Architectural/Engineering	$150,000
Const. Interest, Perm. Financing	$3,301,457
Legal Fees	$325,000
Reserves	$628,000
Other Costs	$252,827
Developer Fee	$3,508,231
Commercial Costs	$0
Total	**$49,545,680**

Residential

Construction Cost Per Square Foot:	$87
Per Unit Cost:	$406,112
Estimated Hard Per Unit Cost:	$69,429
True Cash Per Unit Cost*:	$388,642
Bond Allocation Per Unit:	$117,664
Bond Allocation Per Restricted Rental Unit:	$118,636

Construction Financing

Source	Amount
Newmark: Tax-Exempt	$14,355,000
Newmark: Taxable	$13,431,000
Net Operating Income	$2,941,245
Deferred Developer Fee	$3,508,232
Tax Credit Equity	$15,310,203

Permanent Financing

Source	Amount
Newmark: Tax-Exempt	$14,355,000
Newmark: Taxable	$13,431,000
Net Operating Income	$2,941,245
Deferred Developer Fee	$2,131,318
Tax Credit Equity	$16,687,117
TOTAL	**$49,545,680**

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

Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation):	$16,263,592
130% High Cost Adjustment:	Yes
Requested Eligible Basis (Acquisition):	$29,124,760
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	$21,142,670
Qualified Basis (Acquisition):	$29,124,760
Applicable Rate:	4.00%
Maximum Annual Federal Credit, Rehabilitation:	$845,506
Maximum Annual Federal Credit, Acquisition:	$1,164,990
Total Maximum Annual Federal Credit:	$2,010,496
Approved Developer Fee (in Project Cost & Eligible Basis):	$3,508,231
Federal Tax Credit Factor:	$0.83000

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 minimum of $5,900. As allowed by CTCAC Regulation Section 10327(g)(1), CTCAC approves an annual per unit operating expense total of $5,048 on agreement of the permanent lender and equity investor.

CDLAC Analyst Comments: None.

Resyndication and Resyndication Transfer Event
Prior to closing, the applicant or its assignee shall obtain CTCAC's consent to assign and assume the existing Regulatory Agreement (CA-2000-853).To be eligible for a new award of tax credits, the owner must provide documentation with the Form 8609 request (the placed in service submission) that the acquisition date and the placed in service date both occurred after the existing federal 15 year compliance period was completed.For resyndications that were originally rehabilitation and acquisition, the resyndication acquisition date cannot occur before the last rehabilitation credit year of the original credit period.

As required by the IRS, the newly resyndicated project will continue to use the originally assigned Building Identification Numbers (BINs).

The newly resyndicated project shall continue to meet the rents and income targeting levels in the existing regulatory agreement(s) and any deeper targeting levels in the new regulatory agreement(s) for the duration of the new regulatory agreement(s). Existing households determined to be income-qualified for purposes of IRC §42 credit during the 15-year compliance period are concurrently income-qualified households for purposes of the extended use agreement. As a result, any household determined to be income qualified at the time of move-in under the existing regulatory agreement (CA-2000-853) is a qualified low-income household for the subsequent allocation (existing household eligibility is “grandfathered”).

The project is a resyndication occurring concurrently with a Transfer Event without distribution of Net Project Equity, and thus is waived from setting aside a Short Term Work Capitalized Replacement Reserve that is otherwise required.

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-26-467 / Island Gardens

Points System	Max. Possible New Const.	Max. Possible Rehab.	Points Requested	Points Awarded
Acquisition/Rehabilitation Project Priorities	**0**	**20**	**20**	**20**
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
At-Risk Project	0	20	20	20
LIHTC project, >20 years from PIS	0	7	7	7
Exceeding Minimum Income Restrictions	**20**	**20**	**20**	**20**
Tax Credit Units: 10% @ <=30% AMI & 10% @ <=50% AMI	20	0	20	20
Exceeding Minimum Rent Restrictions	**10**	**10**	**10**	**10**
Average targeted affordability is 15% 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. 84 hrs/yr instruction	7	7	7	7
After school program for school age children, minimum of 6 hours/week	3	3	3	3
Cost Containment	**12**	**12**	**12**	**12**
Project eligible basis is 48% less that the CDLAC adjusted TBL; 1 pt per %	12	12	12	12
Site Amenities	**10**	**10**	**10**	**10**
Within ⅓ mile of transit station or public bus stop	4	4	4	4
Within ½ mile of public park or community center open to general public	3	3	3	3
Within ½ mile of a full-scale grocery/supermarket of at least 25,000 sf	5	5	5	5
Within ½ mile of a pharmacy	2	2	2	2
Total Points	**112**	**102**	**102**	**102**

Tie Breaker: 216.472%