

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**

**Project Staff Report**

**2024 First Round**

**May 15, 2024**

Terrasini, located at 5255 Mount Etna Drive in San Diego, requested and is being recommended for a reservation of \$2,123,923 in annual federal tax credits to finance the new construction of 94 units of housing serving seniors with rents affordable to households earning 30%-60% of area median income (AMI). The project will be developed by Chelsea Investment Corporation and will be located in Senate District 39 and Assembly District 77.

The project will be receiving rental assistance in the form of HUD Section 8 Project-based Vouchers.

**Project Number** CA-24-038

**Project Name** Terrasini  
Site Address: 5255 Mount Etna Drive  
San Diego, CA 92117  
County: San Diego  
Census Tract: 85.04

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total</b>
Requested:	\$2,123,923	\$0
Recommended:	\$2,123,923	\$0

**Applicant Information**

Applicant: Terrasini CIC, LP  
Contact: Heidi W. Mather  
Address: 6339 Paseo Del Lago  
Carlsbad, CA 92011  
Phone: 760-456-6000  
Email: hmather@chelseainvestco.com

General Partner(s) / Principal Owner(s): CIC Terrasini, LLC  
Mt. Etna Senior Housing, LLC  
General Partner Type: Joint Venture  
Parent Company(ies): Chelsea Investment Corporation  
Senior Housing Corporation  
Developer: Chelsea Investment Corporation  
Investor/Consultant: US Bank  
Management Agent(s): Hyder & Co.

**Project Information**

Construction Type: New Construction  
Total # Residential Buildings: 1  
Total # of Units: 95  
No. & % of Tax Credit Units: 94 100%  
Federal Set-Aside Elected: 40%/60%  
Federal Subsidy: HOME / HUD Section 8 Project-based Vouchers (8 Units - 8%)

**Information**

Set-Aside: N/A  
Housing Type: Seniors  
Geographic Area: San Diego County  
CTCAC Project Analyst: Chris Saenz

**55-Year Use / Affordability**

<u>Aggregate Targeting</u>	<u>Number of Units</u>	<u>Percent of Required Affordable Units</u>
At or Below 30% AMI:	10	10%
At or Below 40% AMI:	19	20%
At or Below 50% AMI:	29	30%
At or Below 60% AMI:	36	35%

**Unit Mix**

20 SRO/Studio Units
74 1-Bedroom Units
1 2-Bedroom Units
<u>95 Total Units</u>

<u>Unit Type &amp; Number</u>	<u>2023 Rents Targeted % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
8 SRO/Studio	60%	\$1,447
6 SRO/Studio	50%	\$1,206
4 SRO/Studio	40%	\$965
2 SRO/Studio	30%	\$723
28 1 Bedroom	60%	\$1,551
23 1 Bedroom	50%	\$1,292
15 1 Bedroom	40%	\$1,034
8 1 Bedroom	30%	\$775
1 2 Bedrooms	Manager's Unit	\$0

**Project Cost Summary at Application**

Land and Acquisition	\$9,951,500
Construction Costs	\$23,537,195
Rehabilitation Costs	\$0
Construction Contingency	\$1,381,297
Relocation	\$0
Architectural/Engineering	\$1,407,540
Const. Interest, Perm. Financing	\$3,577,520
Legal Fees	\$485,000
Reserves	\$440,053
Other Costs	\$2,406,277
Developer Fee	\$2,500,000
Commercial Costs	\$0
<b>Total</b>	<b>\$45,686,382</b>

**Residential**

Construction Cost Per Square Foot:	\$364
Per Unit Cost:	\$480,909
True Cash Per Unit Cost*:	\$368,648

**Construction Financing**

Source	Amount
Citibank	\$24,940,518
County of San Diego: Land	\$9,940,000
County of San Diego: IHTF <sup>1</sup>	\$6,525,000
City of San Diego <sup>2</sup>	\$825,000
Deferred Developer Fee	\$724,818
Deferred Costs	\$883,233
Tax Credit Equity	\$1,847,813

**Permanent Financing**

Source	Amount
Citibank	\$8,400,000
County of San Diego: Land	\$9,940,000
County of San Diego: IHTF <sup>1</sup>	\$7,250,000
City of San Diego <sup>2</sup>	\$825,000
Solar Tax Credit Equity	\$68,434
Deferred Developer Fee	\$724,818
Tax Credit Equity	\$18,478,130
<b>TOTAL</b>	<b>\$45,686,382</b>

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

<sup>1</sup>Innovative Housing Trust Fund

<sup>2</sup>City of San Diego: Bridge To HOME

**Determination of Credit Amount(s)**

Requested Eligible Basis:	\$18,153,191
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$23,599,149
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$2,123,923
Approved Developer Fee (in Project Cost & Eligible Basis):	\$2,500,000
Investor/Consultant:	US Bank
Federal Tax Credit Factor:	\$0.87000

The “as if vacant” land value and the existing improvement value established at application, 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, unless a waiver has been granted for a purchase price not to exceed the sum of third party debt that will be assumed or paid off. The sum of the third party debt encumbering the property may increase during subsequent reviews to reflect the actual amount.

**Tie-Breaker Information**

First:	<b>Seniors</b>
Self-Score Final:	<b>80.770%</b>
CTCAC Final:	<b>80.770%</b>

**Significant Information / Additional Conditions:** None.

**Resyndication and Resyndication Transfer Event:** None.

**Local Reviewing Agency**

The Local Reviewing Agency, San Diego Housing Commission, has completed a site review of this project and strongly supports this project.

**Standard Conditions**

The applicant must submit all documentation required for a Carryover Allocation and any Readiness to Proceed Requirements elected. Failure to provide the documentation at the time required may result in rescission of the Credit reservation and cancellation of a carryover allocation.

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 performance deposit and allocation 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.

The applicant must ensure the project meets all Additional Threshold Requirements of the proposed project. If points were awarded for service amenities, the applicant will be required to provide such amenity or amenities identified in the application, for a minimum period of fifteen years and at no cost to the tenants. Applicants that received increases (exceptions to limits) in the threshold basis limit under Section 10327(c)(5) must submit the certification required by Section 10322(i)(2) at project completion.

<b>Points System</b>	<b>Max. Possible Points</b>	<b>Requested Points</b>	<b>Points Awarded</b>
<b>Owner / Management Characteristics</b>	<b>10</b>	<b>10</b>	<b>10</b>
General Partner Experience	7	7	7
Management Experience	3	3	3
Negative Points		0	0
<b>Housing Needs</b>	<b>10</b>	<b>10</b>	<b>10</b>
<b>Site Amenities</b>	<b>15</b>	<b>15</b>	<b>15</b>
Within 1/3 mile of transit, service every 30 min, 25 units/acre density	7	7	7
Within 1/2 mile of public park or community center open to general public	3	3	3
Within 1/2 mile of public library	3	3	3
Within 1/2 mile of a full-scale grocery/supermarket of at least 25,000 sf	5	5	5
Within 1/2 mile of a pharmacy	2	2	2
<b>Service Amenities</b>	<b>10</b>	<b>10</b>	<b>10</b>
LARGE FAMILY, SENIOR, AT-RISK HOUSING TYPES			
Adult ed/health & wellness/skill bldg classes, min. 60 hrs/yr instruction	5	5	5
Health & wellness services and programs, minimum 100 hrs per 100 bdrms	5	5	5
<b>Lowest Income</b>	<b>52</b>	<b>52</b>	<b>52</b>
Basic Targeting	50	50	50
Deeper Targeting – at least 10% of Low Income Units @ 30% AMI or less	2	2	2
<b>Readiness to Proceed</b>	<b>10</b>	<b>10</b>	<b>10</b>
<b>Miscellaneous Federal and State Policies</b>	<b>2</b>	<b>2</b>	<b>2</b>
State Credit Substitution	2	2	2
<b>Total Points</b>	<b>109</b>	<b>109</b>	<b>109</b>

**Please Note:** If more than the maximum Site Amenity points were requested, not all amenities may have been scored and/or verified.

**DO NOT RELY ON SCORING IN THIS COMPETITIVE CYCLE FOR FUTURE APPLICATIONS. ALL RE-APPLICATIONS ARE REVIEWED WITHOUT RELIANCE ON PAST SCORING.**