

**CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Qualified Private Activity Tax-Exempt Bond Project
August 6, 2024**

Quince Street Seniors, located at 220 North Quince Street in Escondido on a 1.48 acre site, requested and is being recommended for a reservation of \$2,989,528 in annual federal tax credits and \$42,000,000 of tax-exempt bond cap to finance the new construction of 145 units of housing, consisting of 142 restricted rental units, and 3 unrestricted manager's units. The project will have 4 studio units, 129 one-bedroom units, and 12 two-bedroom units, serving seniors with rents affordable to households earning 30%-60% of area median income (AMI). The building will be a new Type V-A & III-A (garage) construction project consisting of a 145-unit, four-story, 205,670 square feet senior, podium-style apartment building with dual-elevator services. Common amenities include accessible front-loading laundry appliances on all floors, landscaped outdoor courtyards, podium parking, a Community Center for gatherings/events, unit heating/air conditioning, and common area mailboxes with mobility features. All units will have fire-sprinklers with easy-access kitchens with dishwasher and cabinetry including toe-board & removable shelving, easy-operation kitchen, bathtub & lavatory controls, and shower/tub surrounds with built-in grab-bar reinforcement. The construction is expected to begin in August 2024 and be completed in August 2026. The project will be developed by San Diego Interfaith Housing Foundation and will be located in Senate District 38 and Assembly District 75.

Project Number CA-24-427

Project Name Quince Street Seniors 220
Site Address: North Quince Street
Escondido, CA 92025 San
County: Diego
Census Tract: 203.07

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$2,989,528	\$0
Recommended:	\$2,989,528	\$0

Tax-Exempt Bond Allocation
Recommended: \$42,000,000

CTCAC Applicant Information
CTCAC Applicant / CDLAC Sponsor: 220 Quince, L.P.
Contact: Matthew Jumper
Address: 7956 Lester Avenue
Lemon Grove, CA 91945
Phone: 619-668-1532
Email: mjumper@sdihf.org

Bond Financing Information
CDLAC Applicant/Bond Issuer: California Municipal Finance Authority
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Public Sale: Credit Enhanced
Underwriter: Lument Securities, LLC
Credit Enhancement Provider: Fannie Mae

Development Team

General Partner(s) or Principal Owner(s): Quince Interfaith Housing Corporation
 General Partner Type: Nonprofit
 Developer: San Diego Interfaith Housing Foundation
 Investor/Consultant: Redstone Equity Partners
 Management Agent: Interfaith Housing Assistance Corp.

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 1
 Total # of Units: 145
 No. / % of Low Income Units: 142 100.00%
 Average Targeted Affordability: 55.79%
 Federal Set-Aside Elected: 40%/60%
 Federal Subsidy: Tax-Exempt

Information

Housing Type: Seniors
 Geographic Area: San Diego County
 Set Aside: N/A
 CDLAC Project Analyst: Amit Sarang
 CTCAC Project Analyst: Sopida Steinwert

55-Year Use / Affordability

Aggregate Targeting	Number of Units	Percentage of Affordable Units
30% AMI:	15	11%
50% AMI:	15	11%
60% AMI:	112	79%

Unit Mix

4 SRO/Studio Units
 129 1-Bedroom Units
12 2-Bedroom Units
 145 Total Units

Unit Type & Number	2023 Rents Targeted % of Area Median Income	Proposed Rent (including utilities)
2 SRO/Studio	60%	\$1,447
1 SRO/Studio	50%	\$1,206
1 SRO/Studio	30%	\$723
104 1 Bedroom	60%	\$1,551
12 1 Bedroom	50%	\$1,292
13 1 Bedroom	30%	\$775
6 2 Bedrooms	60%	\$809
2 2 Bedrooms	50%	\$1,861
1 2 Bedrooms	30%	\$1,551
3 2 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$2,300,000
Construction Costs	\$52,249,548
Construction Hard Cost Contingency	\$3,111,881
Soft Cost Contingency	\$236,230
Architectural/Engineering	\$1,000,000
Const. Interest, Perm. Financing	\$4,854,074
Legal Fees	\$140,000
Reserves	\$526,805
Other Costs	\$5,285,840
Developer Fee	\$9,800,000
Total	\$79,504,378

Residential

Construction Cost Per Square Foot:	\$390
Per Unit Cost:	\$548,306
Estimated Hard Per Unit Cost:	\$319,608
True Cash Per Unit Cost*:	\$503,754
Bond Allocation Per Unit:	\$289,655
Bond Allocation Per Restricted Rental Unit:	\$295,775

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
Citibank: Tax-Exempt	\$42,000,000	Lument	\$16,878,756
General Partner Loan	\$20,900,593	General Partner Loan	\$30,455,684
Deferred Developer Fee	\$8,913,241	Deferred Developer Fee	\$6,460,000
Tax Credit Equity	\$7,690,544	Tax Credit Equity	\$25,709,938
		TOTAL	\$79,504,378

*Less Fee Waivers, Seller Carryback Loans, and Deferred Developer Fee

Determination of Credit Amount(s)

Requested Eligible Basis:	\$75,328,659
130% High Cost Adjustment:	No
Applicable Fraction:	100.00%
Qualified Basis:	\$75,328,659
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$2,989,528
Approved Developer Fee (in Project Cost & Eligible Basis):	\$9,800,000
Investor/Consultant:	Redstone Equity Partners
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: None.

CDLAC Analyst Comments

None

Resyndication and Resyndication Transfer Event: None.

Standard Conditions

If applicant is receiving tax-exempt bond financing from other than CalHFA, the applicant shall apply for a bond allocation from the California Debt Limit Allocation Committee's next scheduled meeting, if not previously granted an allocation; shall have received an allocation from CDLAC; and, shall issue bonds within time limits specified by CDLAC.

The applicant anticipates financing more than 50% 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	20
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	0
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
Total Points	120	110	111

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: 72.027%