

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

El Camino Real Affordable Apartments, located at 2136 El Camino Real in Oceanside on a 2.03 acre site, requested and is being recommended for a reservation of \$1,964,190 in annual federal tax credits and \$14,729,951 in total state tax credits and \$28,230,921 of tax-exempt bond cap to finance the new construction of 111 units of housing, consisting of 110 restricted rental units, and 1 unrestricted manager's unit. The project will have 56 two-bedroom units, and 55 three-bedroom units, serving families with rents affordable to households earning 30%-80% of area median income (AMI). The building will be 4 stories and Type V-A construction. Common amenities include courtyard, on-site management, central laundry, and a playground. Each unit will have ceiling fans, dishwashers, disposals, microwaves, ovens, refrigerators, vinyl plank flooring, and wall air conditioning. The construction is expected to begin in March 2025 and be completed in March 2027. The project will be developed by Mirka Investments, LLC and will be located in Senate District 38 and Assembly District 74.

Project Number CA-24-497

Project Name El Camino Real Affordable Apartments
Site Address: 2136 El Camino Real
Oceanside, CA 92054
County: San Diego
Census Tract: 185.15

Tax Credit Amounts	Federal/Annual	State/Total *
Requested:	\$1,964,190	\$14,729,951
Recommended:	\$1,964,190	\$14,729,951

* The applicant made an election to sell (Certificate) all or any portion of the state credits.

Tax-Exempt Bond Allocation
Recommended: \$28,230,921

CTCAC Applicant Information
CTCAC Applicant/CDLAC Sponsor: Mission Neighborhood Centers, Inc.
Contact: Kursat Misirlioglu
Address: 600 B Street, Suite 300
San Diego, CA 92101
Phone: (619) 599-3852
Email: kursatm@mirkainvest.com

Bond Financing Information
CDLAC Applicant/Bond Issuer: California Municipal Finance Authority
Bond Counsel: Jones Hall, A Professional Law Corporation
Private Placement Purchaser: Citi Community Capital

Development Team

General Partner(s) or Principal Owner(s): Mirka Investments, LLC
 Mission Neighborhood Centers, Inc.
 General Partner Type: Joint Venture
 Parent Company(ies): Mirka Investments, LLC
 Mission Neighborhood Centers, Inc.
 Developer: Mirka Investments, LLC
 Investor/Consultant: Richman Group
 Management Agent: Hyder & Company

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 1
 Total # of Units: 111
 No. / % of Low Income Units: 110 100.00%
 Average Targeted Affordability: 59.65%
 Federal Set-Aside Elected: 40%/60% Average Income
 Federal Subsidy: Tax-Exempt

Information

Housing Type: Large Family
 Geographic Area: San Diego County
 State Ceiling Pool: BIPOC
 CDLAC Project Analyst: Erin Deblaquiere
 CTCAC Project Analyst: Nick White

55-Year Use / Affordability

Aggregate Targeting	Number of Units	Percentage of Affordable Units
30% AMI:	12	11%
50% AMI:	12	11%
60% AMI:	64	58%
80% AMI*:	22	20%

*CTCAC restricted only

Unit Mix

56 2-Bedroom Units
 55 3-Bedroom Units

 111 Total Units

<u>Unit Type & Number</u>	<u>2023 Rents Targeted % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
11 2 Bedrooms	80%	\$2,482
32 2 Bedrooms	60%	\$1,861
6 2 Bedrooms	50%	\$1,551
6 2 Bedrooms	30%	\$930
11 3 Bedrooms	80%	\$2,867
32 3 Bedrooms	60%	\$2,150
6 3 Bedrooms	50%	\$1,791
6 3 Bedrooms	30%	\$1,075
1 2 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$6,268,750
Construction Costs	\$30,977,640
Construction Hard Cost Contingency	\$1,516,782
Soft Cost Contingency	\$315,720
Architectural/Engineering	\$1,330,000
Const. Interest, Perm. Financing	\$5,746,604
Legal Fees	\$395,000
Reserves	\$528,318
Other Costs	\$3,336,492
Developer Fee	\$6,404,967
Total	\$56,820,273

Residential

Construction Cost Per Square Foot:	\$295
Per Unit Cost:	\$511,894
Estimated Hard Per Unit Cost:	\$245,765
True Cash Per Unit Cost*:	\$470,385
Bond Allocation Per Unit:	\$254,333
Bond Allocation Per Restricted Rental Unit:	\$320,806

Construction Financing

<u>Source</u>	<u>Amount</u>
Citibank: Tax-Exempt	\$28,230,921
Citibank: Recycled Bonds	\$2,841,014
Citibank: Taxable	\$8,925,744
Deferred Costs	\$3,251,875
Deferred Developer Fee	\$4,607,544
Tax Credit Equity	\$8,963,175

Permanent Financing

<u>Source</u>	<u>Amount</u>
Citibank: Tax-Exempt	\$22,335,479
Deferred Developer Fee	\$4,607,544
Tax Credit Equity	\$29,877,250
TOTAL	\$56,820,273

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$49,104,747
130% High Cost Adjustment:	No
Applicable Fraction:	100.00%
Qualified Basis:	\$49,104,747
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$1,964,190
Total State Credit:	\$14,729,951
Approved Developer Fee (in Project Cost & Eligible Basis):	\$6,404,967
Investor/Consultant:	Richman Group
Federal Tax Credit Factor:	\$0.84991
State Tax Credit Factor:	\$0.89500

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:

Pursuant to CTCAC Regulation Section 10326(g)(5), general partners and management companies lacking documented experience with Section 42 requirements using the minimum scoring standards at Section 10325(c)(2)(A) and (B) shall be required to complete training as prescribed by CTCAC prior to a project’s placing in service. The required CTCAC training for the general partner has been completed and the certification of completion has been received by CTCAC.

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	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: 87.586%