

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

St. Luke's Affordable, located at 30th Street & Gunn Street in San Diego on a 0.2 acre site, requested and is being recommended for a reservation of \$1,162,991 in annual federal tax credits and \$3,839,198 in total state tax credits and \$16,750,000 of tax-exempt bond cap to finance the new construction of 78 units of housing, consisting of 77 restricted rental units, and 1 unrestricted manager's unit. The project will have 38 studio units, 33 one-bedroom units, and 7 two-bedroom units, serving tenants with rents affordable to households earning 30%-70% of area median income (AMI). St. Luke's Affordable will be an 8-story building with the first through third floors being Type I concrete slab-on-grade foundation and fourth through eighth floor utilizing Type III wood frame construction. The exterior will include stucco, metal, and concrete. Common amenities include a laundry room, an outdoor courtyard area, bicycle storage, a conference room, parcel lockers, and a community room with an outdoor patio on the eighth floor. The building will be all-electric, and will have solar PV panels serving the common spaces. Each unit will have a refrigerator, oven, microwave, dishwasher and sink with garbage disposal. The construction is expected to begin in January 2025 and be completed in August 2026. The project will be developed by Rise Urban Partners LLC and will be located in Senate District 39 and Assembly District 78.

The project financing includes state funding from the Mixed-Income Program (MIP) through CalHFA.

Project Number CA-24-522

Project Name St. Luke's Affordable
Site Address: 30th Street & Gunn Street
San Diego, CA 92104
County: San Diego
Census Tract: 14.00

Tax Credit Amounts	Federal/Annual	State/Total *
Requested:	\$1,162,991	\$3,839,198
Recommended:	\$1,162,991	\$3,839,198

* The applicant made an election not to sell (Certificate) any portion of the state credits.

Tax-Exempt Bond Allocation
Recommended: \$16,750,000

CTCAC Applicant Information
CTCAC Applicant / CDLAC Sponsor: Rise 30th St LP
Contact: Rob Morgan
Address: 3525 Del Mar Heights Road #211
San Diego , CA 92130
Phone: 619-540-2859
Email: rob@trestlebuild.com

Bond Financing Information
CDLAC Applicant/Bond Issuer: California Housing Finance Agency
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Private Placement Purchaser: Citi Community Capital

Development Team

General Partner(s) or Principal Owner(s): Rise 30th St LLC
 AOF SD MGP, LLC

General Partner Type: Joint Venture

Parent Company(ies): Rise Urban Partners, LLC

Developer: Rise Urban Partners LLC

Investor/Consultant: Redstone Equity Partners

Management Agent: Aperto Property Management

Project Information

Construction Type: New Construction

Total # Residential Buildings: 1

Total # of Units: 78

No. / % of Low Income Units: 77 100.00%

Average Targeted Affordability: 53.89%

Federal Set-Aside Elected: 40%/60% Average Income

Federal Subsidy: Tax-Exempt

Information

Housing Type: Non-Targeted

Geographic Area: San Diego County

State Ceiling Pool: New Construction

Set Aside: Mixed Income Set Aside

CDLAC Project Analyst: Brandon Medina

CTCAC Project Analyst: Brett Andersen

55-Year Use / Affordability

Aggregate Targeting	Number of Units	Percentage of Affordable Units
30% AMI:	8	10%
50% AMI:	36	47%
60% AMI:	20	26%
70% AMI*:	13	17%

*CTCAC restricted only

Unit Mix

38 SRO/Studio Units

33 1-Bedroom Units

7 2-Bedroom Units

78 Total Units

Unit Type & Number	2023 Rents Targeted % of Area Median Income	Proposed Rent (including utilities)
4 SRO/Studio	30%	\$724
13 SRO/Studio	50%	\$1,206
10 SRO/Studio	60%	\$1,447
11 SRO/Studio	70%	\$1,688
3 1 Bedroom	30%	\$775
19 1 Bedroom	50%	\$1,292
8 1 Bedroom	60%	\$1,550
2 1 Bedroom	70%	\$1,809
1 2 Bedrooms	30%	\$931
4 2 Bedrooms	50%	\$1,551
2 2 Bedrooms	60%	\$1,861
1 1 Bedroom	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$2,200,000
Construction Costs	\$20,899,381
Construction Hard Cost Contingency	\$1,507,989
Soft Cost Contingency	\$345,000
Architectural/Engineering	\$1,343,000
Const. Interest, Perm. Financing	\$2,193,421
Legal Fees	\$160,000
Reserves	\$380,000
Other Costs	\$1,895,823
Developer Fee	\$4,124,529
Commercial Costs	\$622,072
Total	\$35,671,215

Residential

Construction Cost Per Square Foot:	\$404
Per Unit Cost:	\$449,348
Estimated Hard Per Unit Cost:	\$233,936
True Cash Per Unit Cost*:	\$410,865
Bond Allocation Per Unit:	\$214,744
Bond Allocation Per Restricted Rental Unit:	\$261,719

Construction Financing

Source	Amount
Citi Community Capital: Tax-Exempt	\$16,750,000
General Partner Loan	\$7,500,000
Accrued Interest	\$600,000
Deferred Developer Fee	\$3,054,916
Tax Credit Equity	\$7,894,997

Permanent Financing

Source	Amount
CalHFA: Tax-Exempt	\$7,158,175
CalHFA: MIP	\$3,900,000
General Partner Loan	\$7,500,000
Accrued Interest	\$600,000
Deferred Developer Fee	\$3,054,916
Tax Credit Equity	\$13,458,124
TOTAL	\$35,671,215

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$29,074,785
130% High Cost Adjustment:	No
Applicable Fraction:	100.00%
Qualified Basis:	\$29,074,785
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$1,162,991
Total State Credit:	\$3,839,198
Approved Developer Fee in Project Cost:	\$4,124,529
Approved Developer Fee in Eligible Basis:	\$2,200,000
Investor/Consultant:	Redstone Equity Partners
Federal Tax Credit Factor:	\$0.87000
State Tax Credit Factor:	\$0.87000

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 minimums of \$6,100. As allowed by CTCAC Regulation Section 10327(g)(1), CTCAC approves an annual per unit operating expense total of \$5,554 on agreement of the permanent lender and equity investor.

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	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	119

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: 83.490%