

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

La Costa Family Apartments, located at La Costa Avenue & Camino de las Coches in Carlsbad on a 0.16 acre site, requested and is being recommended for a reservation of \$521,698 in annual federal tax credits and \$3,009,494 in total state tax credits and \$5,116,651 of tax-exempt bond cap to finance the new construction of 19 units of housing, consisting of 19 restricted rental units. The project will have 5 one-bedroom units, 8 two-bedroom units, and 6 three-bedroom units, serving families with rents affordable to households earning 30%-80% of area median income (AMI). The building will be Type I construction, a single 3-story building with Spanish style exterior and TOP roofing. Common amenities include a leasing office and a community area to foster a sense of community among families and service providers. In addition, the project will also include an outdoor recreational space. Each unit will include blinds, vinyl laminate flooring, wall air conditioning units, closets, and ceiling fans. Appliances will include a stove/oven, refrigerator, garbage disposal, and dishwashers. The construction is expected to begin in February 2025 and be completed in March 2026. The project will be developed by Mirka Investments, LLC and will be located in Senate District 38 and Assembly District 77.

**Project Number** CA-24-528

**Project Name** La Costa Family Apartments  
Site Address: La Costa Avenue & Camino de las Coches  
Carlsbad, CA 92009  
County: San Diego  
Census Tract: 171.09

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total *</b>
Requested:	\$521,698	\$3,009,494
Recommended:	\$521,698	\$3,009,494

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

**Tax-Exempt Bond Allocation**  
Recommended: \$5,116,651

**CTCAC Applicant Information**  
CTCAC Applicant/CDLAC Sponsor: Mirka Investments, LLC  
Applicant for State Credits: Mission Neighborhood Centers  
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: Citibank, N.A.

**Development Team**

General Partner(s) or Principal Owner(s): Mirka Investments, LLC  
 Mission Neighborhood Centers  
 General Partner Type: Joint Venture  
 Parent Company(ies): Mirka Investments, LLC  
 Mission Neighborhood Centers San Francisco  
 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: 19  
 No. / % of Low Income Units: 19  
 Average Targeted Affordability: 56.85%  
 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: Amit Sarang  
 CTCAC Project Analyst: Cynthia Compton

**55-Year Use / Affordability**

<b>Aggregate Targeting</b>	<b>Number of Units</b>	<b>Percentage of Affordable Units</b>
30% AMI:	3	16%
50% AMI:	3	16%
60% AMI:	10	53%
80% AMI*:	3	16%

\*CTCAC restricted only

**Unit Mix**

5 1-Bedroom Units
8 2-Bedroom Units
<u>6 3-Bedroom Units</u>
19 Total Units

<u>Unit Type &amp; Number</u>	<u>2023 Rents Targeted % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
1 1 Bedroom	80%	\$2,068
2 1 Bedroom	60%	\$1,551
1 1 Bedroom	50%	\$1,292
1 1 Bedroom	30%	\$775
1 2 Bedrooms	80%	\$2,482
5 2 Bedrooms	60%	\$1,861
1 2 Bedrooms	50%	\$1,551
1 2 Bedrooms	30%	\$930
1 3 Bedrooms	80%	\$2,867
3 3 Bedrooms	60%	\$2,150
1 3 Bedrooms	50%	\$1,791
1 3 Bedrooms	30%	\$1,075

**Project Cost Summary at Application**

Land and Acquisition	\$10,001
Construction Costs	\$5,740,820
Construction Hard Cost Contingency	\$273,541
Soft Cost Contingency	\$96,649
Architectural/Engineering	\$313,541
Const. Interest, Perm. Financing	\$1,740,526
Legal Fees	\$375,000
Reserves	\$81,437
Other Costs	\$718,865
Developer Fee	<u>\$1,308,606</u>
<b>Total</b>	<b>\$10,658,986</b>

**Residential**

Construction Cost Per Square Foot:	\$314
Per Unit Cost:	\$560,999
Estimated Hard Per Unit Cost:	\$264,820
True Cash Per Unit Cost*:	\$544,775
Bond Allocation Per Unit:	\$269,297
Bond Allocation Per Restricted Rental Unit:	\$319,791

<b>Construction Financing</b>		<b>Permanent Financing</b>	
<u>Source</u>	<u>Amount</u>	<u>Source</u>	<u>Amount</u>
Citibank: Tax-Exempt	\$5,116,651	Citibank: Tax-Exempt	\$3,238,297
Citibank: Recycled Tax-Exempt	\$532,949	Deferred Developer Fee	\$308,252
Citibank: Taxable	\$868,048	Tax Credit Equity	\$7,112,437
Deferred Costs	\$988,111	<b>TOTAL</b>	<b>\$10,658,986</b>
Deferred Developer Fee	\$308,252		
Tax Credit Equity	\$2,844,975		

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

**Determination of Credit Amount(s)**

Requested Eligible Basis:	\$10,032,649
130% High Cost Adjustment:	Yes
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$521,698
Approved Developer Fee (in Project Cost & Eligible Basis):	\$1,308,606
Investor/Consultant:	Richman Group
Federal Tax Credit Factor:	\$0.84991
State Tax Credit Factor:	\$0.89000

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.

As allowed by CTCAC Regulation Section 10325(f)(7)(J), in lieu of 1 manager's unit, the project has committed to employ an equivalent number of on-site full-time property management staff and provide an equivalent number of desk or security staff capable of responding to emergencies for the hours when property management staff is not working. All staff or contractors performing desk or security work shall be knowledgeable of how the property's fire system operates and be trained in, and have participated in, fire evacuation drills for tenants. CTCAC reserves the right to require that one or more on-site managers' units be provided and occupied by property management staff if, in its sole discretion, it determines as part of any on-site inspection that the project has not been adequately operated and/or maintained.

**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).

<b>Point Criteria</b>	<b>New Const. Max. Points</b>	<b>Rehabilitation Max. Points</b>	<b>Points Scored</b>
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
<b>Total Points</b>	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:** 76.793%