

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

The Trails at Carmel Mountain Ranch, located at 10152 Rancho Carmel Drive in San Diego on a 2.78 acre site, requested and is being recommended for a reservation of \$3,941,060 in annual federal tax credits and \$40,600,000 of tax-exempt bond cap to finance the new construction of 125 units of housing, consisting of 124 restricted rental units, and 1 unrestricted manager's unit. The project will have 48 one-bedroom units, 44 two-bedroom units, and 33 three-bedroom units, serving families with rents affordable to households earning 30%-60% of area median income (AMI). The buildings will be 4 and 5 stories Type V-B construction. Common amenities include three play structures covered with a shade sail, a picnic area with picnic tables and an electric barbecue, recreational outdoor space, and two central laundry rooms with stacked washers/dryers and one set each of non-stacked accessible washers/dryers. Each unit will have Energy Star-rated efficient appliances, such as dishwashers and refrigerators. Each building will include two elevators. The construction is expected to begin in March 2025 and be completed in December 2026. The project will be developed by Chelsea Investment Corporation and will be located in Senate District 40 and Assembly District 76.

**Project Number** CA-24-552

**Project Name** The Trails at Carmel Mountain Ranch  
Site Address: 10152 Rancho Carmel Drive  
San Diego, CA 92128  
County: San Diego  
Census Tract: 170.56

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total</b>
Requested:	\$3,941,060	\$0
Recommended:	\$3,941,060	\$0

**Tax-Exempt Bond Allocation**  
Recommended: \$40,600,000

**CTCAC Applicant Information**

CTCAC Applicant / CDLAC Sponsor: The Trails at CMR CIC, LP  
Contact: Cheri Hoffman  
Address: 6339 Paseo Del Lago  
Carlsbad, CA 92011  
Phone: 760-456-6000  
Email: cherihoffman@chelseainvestco.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): Pacific Southwest Community Development Corp.  
 CIC The Trails at CMR, LLC  
 General Partner Type: Joint Venture  
 Parent Company(ies): Chelsea Investment Corporation  
 Developer: Chelsea Investment Corporation  
 Investor/Consultant: Raymond James  
 Management Agent: ConAm Management Corporation

**Project Information**

Construction Type: New Construction  
 Total # Residential Buildings: 2  
 Total # of Units: 125  
 No. / % of Low Income Units: 124 100.00%  
 Average Targeted Affordability: 55.81%  
 Federal Set-Aside Elected: 40%/60%

**Information**

Housing Type: Large Family  
 Geographic Area: San Diego County  
 State Ceiling Pool: New Construction  
 CDLAC Project Analyst: Amit Sarang  
 CTCAC Project Analyst: Dianne Myers

**55-Year Use / Affordability**

<b>Aggregate Targeting</b>	<b>Number of Units</b>	<b>Percentage of Affordable Units</b>
30% AMI:	13	10%
50% AMI:	13	10%
60% AMI:	98	79%

**Unit Mix**

48 1-Bedroom Units  
 44 2-Bedroom Units  
33 3-Bedroom Units  
 125 Total Units

<b>Unit Type &amp; Number</b>	<b>2023 Rents Targeted % of Area Median Income</b>	<b>Proposed Rent (including utilities)</b>
4 1 Bedroom	30%	\$775
4 1 Bedroom	50%	\$1,292
40 1 Bedroom	60%	\$1,551
5 2 Bedrooms	30%	\$930
5 2 Bedrooms	50%	\$1,550
34 2 Bedrooms	60%	\$1,860
4 3 Bedrooms	30%	\$1,075
4 3 Bedrooms	50%	\$1,791
24 3 Bedrooms	60%	\$2,150
1 3 Bedrooms	Manager's Unit	\$0

### Project Cost Summary at Application

Land and Acquisition	\$10,724,851
Construction Costs	\$42,179,180
Construction Hard Cost Contingency	\$2,133,900
Soft Cost Contingency	\$320,993
Architectural/Engineering	\$2,125,820
Const. Interest, Perm. Financing	\$7,474,405
Legal Fees	\$277,500
Reserves	\$511,157
Other Costs	\$2,982,665
Developer Fee	\$9,886,577
<b>Total</b>	<b>\$78,617,047</b>

### Residential

Construction Cost Per Square Foot:	\$276
Per Unit Cost:	\$628,936
Estimated Hard Per Unit Cost:	\$295,994
True Cash Per Unit Cost*:	\$550,901

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
Citi: Tax-Exempt	\$40,600,000	Citi: Tax-Exempt	\$20,130,000
Citi: Recycled Tax-Exempt	\$5,000,000	CIC Opportunities Fund	\$3,600,000
Citi: Taxable	\$7,328,226	Master Developer Gap Loan	\$8,724,750
Master Developer Gap Loan	\$8,724,750	Accrued Interest	\$458,049
Deferred Interest	\$13,767,426	Deferred Developer Fee	\$9,754,478
Tax Credit Equity	\$3,566,660	Solar Tax Credit Equity	\$283,174
		Tax Credit Equity	\$35,666,596
		<b>TOTAL</b>	<b>\$78,617,047</b>

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

### Determination of Credit Amount(s)

Requested Eligible Basis:	\$75,797,088
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$3,941,060
Approved Developer Fee (in Project Cost & Eligible Basis):	\$9,886,577
Investor/Consultant:	Raymond James
Federal Tax Credit Factor:	\$0.90500

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).

<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:** 92.184%