

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

The project, 54th and El Cajon, located at 5474 El Cajon Boulevard in San Diego on a 0.43 acre site, requested and is being recommended for a reservation of \$2,195,125 in annual federal tax credits and \$22,386,641 of tax-exempt bond cap to finance the new construction of 95 units of housing, consisting of 94 restricted rental units, and 1 unrestricted manager's unit. The project will have 14 studio units, 66 one-bedroom units, and 15 two-bedroom units, serving tenants with rents affordable to households earning 30%-80% of area median income (AMI). The building will be five story new construction. Common amenities include large community room, laundry facilities, and computer room. Each unit will have refrigerator, and range/oven/cooktop. The construction is expected to begin in February 2025 and be completed in August 2026. The project will be developed by Community Housing Works and will be located in Senate District 39 and Assembly District 79.

**Project Number** CA-24-564

**Project Name** 54th and El Cajon  
 Site Address: 5474 El Cajon Boulevard  
 San Diego, CA 92115  
 County: San Diego  
 Census Tract: 2804.00

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total</b>
Requested:	\$2,195,125	\$0
Recommended:	\$2,195,125	\$0

**Tax-Exempt Bond Allocation**  
 Recommended: \$22,386,641

**CTCAC Applicant Information**  
 CTCAC Applicant/CDLAC Sponsor: Community HousingWorks  
 Applicant for State Credits: Community HousingWorks  
 Contact: Jonathan Lee  
 Address: 3111 Camino Del Rio North Suite 800  
 San Diego, CA 92108  
 Phone: 619-795-1034  
 Email: jlee@chworks.org

**Bond Financing Information**  
 CDLAC Applicant/Bond Issuer: California Housing Finance Agency  
 Bond Counsel: Orrick, Herrington & Sutcliffe LLP  
 Private Placement Purchaser: Bellwether Real Estate Capital

**Development Team**  
 General Partner(s) or Principal Owner(s): Community HousingWorks  
 General Partner Type: Nonprofit  
 Parent Company(ies): Community HousingWorks  
 Developer: Community Housing Works  
 Investor/Consultant: California Housing Partnership  
 Management Agent: ConAm Management Corporation

**Project Information**

Construction Type:	New Construction
Total # Residential Buildings:	1
Total # of Units:	95
No. / % of Low Income Units:	94 100.00%
Average Targeted Affordability:	59.67%
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
CDLAC Project Analyst:	Jake Salle
CTCAC Project Analyst:	Nick White

**55-Year Use / Affordability**

<b>Aggregate Targeting</b>	<b>Number of Units</b>	<b>Percentage of Affordable Units</b>
30% AMI:	11	12%
50% AMI:	11	12%
60% AMI:	51	54%
80% AMI*:	21	22%

\*CTCAC restricted only

**Unit Mix**

14 SRO/Studio Units
66 1-Bedroom Units
15 2-Bedroom Units
<hr/>
95 Total Units

<b>Unit Type &amp; Number</b>	<b>2023 Rents Targeted % of Area Median Income</b>	<b>Proposed Rent (including utilities)</b>
2 SRO/Studio	30%	\$723
7 1 Bedroom	30%	\$775
2 2 Bedrooms	30%	\$930
2 SRO/Studio	50%	\$1,206
7 1 Bedroom	50%	\$1,292
2 2 Bedrooms	50%	\$1,551
7 SRO/Studio	60%	\$1,447
38 1 Bedroom	60%	\$1,551
6 2 Bedrooms	60%	\$1,861
3 SRO/Studio	80%	\$1,833
14 1 Bedroom	80%	\$2,068
4 2 Bedrooms	80%	\$2,482
1 2 Bedrooms	Manager's Unit	\$0

**Project Cost Summary at Application**

Land and Acquisition	\$5,296,260
Construction Costs	\$28,404,474
Construction Hard Cost Contingency	\$1,295,224
Soft Cost Contingency	\$285,414
Architectural/Engineering	\$1,211,699
Const. Interest, Perm. Financing	\$4,066,823
Legal Fees	\$135,000
Reserves	\$393,745
Other Costs	\$3,528,429
Developer Fee	\$5,506,167
<b>Total</b>	<b>\$50,123,235</b>

**Residential**

Construction Cost Per Square Foot:	\$387
Per Unit Cost:	\$527,613
Estimated Hard Per Unit Cost:	\$232,806
True Cash Per Unit Cost*:	\$495,991
Bond Allocation Per Unit:	\$235,649
Bond Allocation Per Restricted Rental Unit:	\$306,666

**Construction Financing**

Source	Amount
Bellwether: Tax-Exempt	\$22,386,641
Bellwether: Recycled Bonds	\$10,680,948
FHC <sup>1</sup> : Ground Lease	\$5,200,000
FHC <sup>1</sup> : Infrastructure	\$5,000,000
Deferred Costs	\$1,966,477
Deferred Developer Fee	\$3,004,111
Tax Credit Equity	\$1,885,057

**Permanent Financing**

Source	Amount
Bellwether: Tax-Exempt	\$12,675,000
Recycled Bonds	\$3,000,000
FHC <sup>1</sup> : Ground Lease	\$5,200,000
FHC <sup>1</sup> : Infrastructure	\$5,000,000
Deferred Developer Fee	\$3,004,111
Tax Credit Equity	\$21,244,124
<b>TOTAL</b>	<b>\$50,123,235</b>

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

FHC<sup>1</sup>: Family Housing Centers

**Determination of Credit Amount(s)**

Requested Eligible Basis:	\$42,213,945
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$54,878,129
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$2,195,125
Approved Developer Fee (in Project Cost & Eligible Basis):	\$5,506,167
Investor/Consultant:	California Housing Partnership
Federal Tax Credit Factor:	\$0.96779

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**

The current site of the project is made up of 4 existing parcels. Prior to the close of construction financing and prior to the commencement of construction, the applicant/sponsor will merge the existing parcels and then simultaneously split them into five parcels. A final tract map will be recorded which will create five vertical parcels, each with a legal description and assessor parcel number. The future Air Rights Parcels 1A, 1B, and 2 will contain a 3 story parking garage. The future Air Rights Parcel 3 will contain a portion of levels 4-8, proposed to be a 41-unit permanent supportive housing development; and the future Air Rights Parcel 4 will contain this 95-unit LIHTC project, the balance of levels 4-8. The legal description and APN for CA-24-564 must be completed as part of the placed in service package.

### **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	9
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	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:** 93.736%