

**CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Qualified Private Activity Tax-Exempt Bond Project
December 11, 2024**

The project, 712 Seagaze, located at 712 Seagaze Drive in Oceanside on a 0.36 acre site, requested and is being recommended for a reservation of \$4,199,366 in annual federal tax credits and \$46,070,813 of tax-exempt bond cap to finance the new construction of 179 units of housing, consisting of 177 restricted rental units and 2 unrestricted manager's units. The project will have 179 studio units, serving tenants with rents affordable to households earning 30%-60% of area median income (AMI). The construction is expected to begin in August 2025 and be completed in March 2025. The project will be developed by Elsey Holdings LLC and will be located in Senate District 38 and Assembly District 74.

The project financing includes state funding from the Affordable Housing and Sustainable Communities (AHSC) program of HCD.

Project Number CA-24-680

Project Name 712 Seagaze
Site Address: 712 Seagaze Drive
Oceanside, CA 92054
County: San Diego
Census Tract: 184.00

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$4,199,366	\$0
Recommended:	\$4,199,366	\$0

Tax-Exempt Bond Allocation
Recommended: \$46,070,813

CTCAC Applicant Information
CTCAC Applicant/CDLAC Sponsor: 716 Seagaze Affordable, L.P.
Contact: Marc Welk
Address: 2021 Vanesta Place- Suite A
Manhattan, KS 66503
Phone: 619-890-9355
Email: marc@theprimecompany.com

Bond Financing Information
CDLAC Applicant/Bond Issuer: California Municipal Finance Authority
Bond Counsel: Anzel Galvan LLP
Private Placement Purchaser: Citibank, N.A.

Development Team
General Partner(s) or Principal Owner(s): PSCDC Prime SD LLC
716 Seagaze LLC
General Partner Type: Joint Venture
Parent Company(ies): Pacific Southwest Community Development Corporation
Elsey Holdings LLC
Developer: Elsey Holdings LLC
Investor/Consultant: Redstone Equity Partners
Management Agent: Barker Management

Project Information

Construction Type:	New Construction
Total # Residential Buildings:	1
Total # of Units:	179
No. / % of Low Income Units:	177 100.00%
Average Targeted Affordability:	49.93%
Federal Set-Aside Elected:	40%/60%
Federal Subsidy:	Tax-Exempt

Information

Housing Type:	Non-Targeted
Geographic Area:	San Diego County
State Ceiling Pool:	New Construction
Set Aside:	N/A
CDLAC Project Analyst:	Jake Salle
CTCAC Project Analyst:	Chris Saenz

55-Year Use / Affordability

<u>Aggregate Targeting</u>	<u>Number of Units</u>	<u>Percentage of Affordable Units</u>
30% AMI:	45	25%
50% AMI:	43	24%
60% AMI:	89	50%

Unit Mix

<u>179 SRO/Studio Units</u>
179 Total Units

<u>Unit Type & Number</u>	<u>2024 Rents Targeted % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
45 SRO/Studio	30%	\$795
43 SRO/Studio	50%	\$1,326
89 SRO/Studio	60%	\$1,591
2 SRO/Studio	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$4,836,478
Construction Costs	\$52,188,820
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$2,673,865
Soft Cost Contingency	\$450,000
Relocation	\$0
Architectural/Engineering	\$2,285,810
Const. Interest, Perm. Financing	\$12,601,961
Legal Fees	\$294,710
Reserves	\$1,256,900
Other Costs	\$3,390,445
Developer Fee	\$10,534,580
Commercial Costs	\$0
Total	\$90,513,569

Residential

Construction Cost Per Square Foot:	\$580
Per Unit Cost:	\$505,662
Estimated Hard Per Unit Cost:	\$252,903
True Cash Per Unit Cost*:	\$480,894
Bond Allocation Per Unit:	\$257,379
Bond Allocation Per Restricted Rental Unit:	\$260,287

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
Citibank: Tax-Exempt	\$46,070,813	Citibank	\$11,580,000
Citibank: Taxable	\$31,267,978	HCD: AHSC	\$35,000,000
Tax Credit Equity	\$3,652,494	General Partner Contribution	\$2,975,091
Deferred Costs	\$9,622,284	Deferred Developer Fee	\$4,433,541
		Tax Credit Equity	\$36,524,937
		TOTAL	\$90,513,569

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$80,788,354
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$105,024,860
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$4,199,366
Approved Developer Fee (in Project Cost & Eligible Basis):	\$10,534,580
Federal Tax Credit Factor:	\$0.86977

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).

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: 99.140%