

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

Avanzando San Ysidro, located at two sites (see below) in San Diego County on a total of 1.5 acres, requested and is being recommended for a reservation of \$4,609,523 in annual federal tax credits and \$49,000,000 of tax-exempt bond cap to finance the new construction of 103 units of housing, consisting of 101 restricted rental units and 2 unrestricted manager's units. The project will have 26 one-bedroom units, 25 two-bedroom units, and 52 three-bedroom units, serving families with rents affordable to households earning 30%-60% of area median income (AMI). The construction is expected to begin in May 2025 and be completed in May 2027. The project will be developed by Hitzke Development Corporation and will be located in Senate District 18 and Assembly District 80.

The project financing includes state funding from the Affordable Housing and Sustainable Communities (AHSC), Regional Early Action Planning (REAP), and Infrastructure Infill Grant - Catalytic Qualifying Infill Area (IIG-C) programs of HCD.

Project Number CA-24-746

Project Name Avanzando San Ysidro

Site Address:	Site 1: Cypress 125 Cypress Drive San Diego, CA 92173 County: San Diego Census Tract: 100.13	Site 2: Cottonwood & South Vista 210-240 South Vista Avenue & 317 Cottonwood Road San Diego, CA 92173 County: San Diego Census Tract: 100.13
---------------	--	---

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$4,609,523	\$0
Recommended:	\$4,609,523	\$0

Tax-Exempt Bond Allocation
 Recommended: \$49,000,000

CTCAC Applicant Information
 CTCAC Applicant/CDLAC Sponsor: Avanzando San Ysidro, LP.
 Contact: Georgette Gomez
 Address: 119 West Hall Avenue
 San Ysidro, CA 92173
 Phone: 619-428-1115
 Email: georgetteg@casafamiliar.org

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

Development Team

General Partner(s) or Principal Owner(s): Avanzando San Ysidro, LLC
 Hitzke Development Corporation
 General Partner Type: Joint Venture
 Parent Company(ies): Casa Familiar, Inc.
 Hitzke Development Corporation
 Developer: Hitzke Development Corporation
 Investor/Consultant: PNC Real Estate
 Management Agent: ConAm Management Corporation
 Casa Familiar, Inc.

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 3
 Total # of Units: 103
 No. / % of Low Income Units: 101 100.00%
 Average Targeted Affordability: 46.34%
 Federal Set-Aside Elected: 40%/60%
 Federal Subsidy: Tax-Exempt

Information

Housing Type: Large Family
 Geographic Area: San Diego County
 State Ceiling Pool: New Construction
 Set Aside: N/A
 CDLAC Project Analyst: Erin Deblaquiere
 CTCAC Project Analyst: Brett Andersen

55-Year Use / Affordability

Aggregate Targeting	Number of Units	Percentage of Affordable Units
30% AMI:	11	11%
40% AMI:	40	40%
50% AMI:	25	25%
60% AMI:	25	25%

Unit Mix

26 1-Bedroom Units
25 2-Bedroom Units
52 3-Bedroom Units
103 Total Units

Unit Type & Number	2024 Rents Targeted % of Area Median Income	Proposed Rent (including utilities)
3 1 Bedroom	30%	\$852
15 1 Bedroom	40%	\$1,136
8 1 Bedroom	50%	\$1,420
4 2 Bedrooms	30%	\$1,023
12 2 Bedrooms	40%	\$1,364
4 2 Bedrooms	50%	\$1,705
5 2 Bedrooms	60%	\$2,046
4 3 Bedrooms	30%	\$1,182
13 3 Bedrooms	40%	\$1,576
13 3 Bedrooms	50%	\$1,970
20 3 Bedrooms	60%	\$2,364
2 3 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$800,000
Construction Costs	\$58,929,044
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$3,200,000
Soft Cost Contingency	\$321,240
Relocation	\$375,000
Architectural/Engineering	\$1,298,246
Const. Interest, Perm. Financing	\$7,314,650
Legal Fees	\$533,336
Reserves	\$425,000
Other Costs	\$4,203,450
Developer Fee	\$15,004,901
Commercial Costs	\$1,934,500
Total	\$94,339,367

Residential

Construction Cost Per Square Foot:	\$532
Per Unit Cost:	\$897,135
Estimated Hard Per Unit Cost:	\$513,833
True Cash Per Unit Cost*:	\$884,654
Bond Allocation Per Unit:	\$475,728
Bond Allocation Per Restricted Rental Unit:	\$485,149

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
Citi: Tax-Exempt	\$49,000,000	Citi	\$3,695,000
Citi: Taxable	\$2,250,000	HCD: AHSC	\$20,200,000
Citi: Recycled Tax-Exempt	\$12,500,000	HCD: REAP	\$4,125,000
County of San Diego	\$2,760,000	SDHC ¹ : IIG-C	\$6,019,116
Tax Credit Equity	\$27,829,367	SDHC ¹	\$4,120,000
		County of San Diego	\$2,760,000
		Managing General Partner Equity	\$90
		Administrative General Partner Equity	\$10
		Developer Fee Contribution	\$12,004,901
		Deferred Developer Fee	\$1,312,402
		Tax Credit Equity	\$40,102,848
		TOTAL	\$94,339,367

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

¹San Diego Housing Commission

Determination of Credit Amount(s)

Requested Eligible Basis:	\$88,836,834
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$115,487,884
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$4,609,523
Approved Developer Fee (in Project Cost & Eligible Basis):	\$15,004,901
Federal 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

Staff noted a per unit development cost of \$897,135. The applicant noted that the per unit cost is attributed to prevailing wages, construction loan interest, framing costs related to construction of townhomes, roof decking materials, and a soil stability program.

This project intends to make the Tax Credit Units available for eventual tenant ownership at the end of the initial 15 year compliance period. The applicant provided a plan which should be updated in 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).

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: 111.951%