

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

2024 First Round

May 15, 2024

Center of Hope Apartments II, located at 2303 Alfreda Way in Redding, requested and is being recommended for a reservation of \$1,129,203 in annual federal tax credits to finance the new construction of 48 units of housing serving families with rents affordable to households earning 25%-60% of area median income (AMI). The project will be developed by ADK Properties LLC and will be located in Senate District 1 and Assembly District 1.

The project will be receiving rental assistance in the form of HUD Section 8 Project-based Vouchers. The project financing includes state funding from HCD's No Place Like Home (NPLH) program.

Project Number CA-24-006

Project Name Center of Hope Apartments II
Site Address: 2303 Alfreda Way
Redding, CA 96002
County: Shasta
Census Tract: 103.00

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$1,129,203	\$0
Recommended:	\$1,129,203	\$0

Applicant Information

Applicant: Center of Hope Apartments II, LP
Contact: Daniel Knott
Address: 1011 Parkview Avenue, Suite A
Redding, CA 96001
Phone: 530-244-0595
Email: dknott@k2dci.com

General Partners / Principal Owners: Community Revitalization and Development Corporation
Center of Hope Apartments II, LLC

General Partner Type: Joint Venture
Parent Companies: Community Revitalization and Development Corporation
ADK Properties LLC
The McConnell Foundation

Developer: ADK Properties LLC
Investor/Consultant: Raymond James
Management Agent: FPI Management Inc.

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 3
 Total # of Units: 49
 No. & % of Tax Credit Units: 48 100%
 Federal Set-Aside Elected: 40%/60%
 Federal Subsidy: CDBG-DR / HUD Section 8 Project-based Vouchers
 (25 Units - 52%)

Information

Set-Aside: N/A
 Housing Type: Large Family
 Geographic Area: Northern Region
 CTCAC Project Analyst: Ruben Barcelo

55-Year Use / Affordability

<u>Aggregate Targeting</u>	<u>Number of Units</u>	<u>Percent of Required Affordable Units</u>
At or Below 25% AMI:	10	21%
At or Below 30% AMI:	15	31%
At or Below 60% AMI:	23	48%

Unit Mix

12 1-Bedroom Units
 24 2-Bedroom Units
13 3-Bedroom Units
 49 Total Units

<u>Unit Type & Number</u>	<u>2023 Rents Targeted % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
7 1 Bedroom	25%	\$393
5 1 Bedroom	30%	\$472
3 2 Bedrooms	25%	\$472
5 2 Bedrooms	30%	\$567
15 2 Bedrooms	60%	\$1,134
5 3 Bedrooms	30%	\$655
8 3 Bedrooms	60%	\$1,311
1 2 Bedrooms	Manager Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$686,000
Construction Costs	\$13,168,400
Rehabilitation Costs	\$0
Construction Contingency	\$808,420
Relocation	\$0
Architectural/Engineering	\$579,000
Const. Interest, Perm. Financing	\$1,815,796
Legal Fees	\$265,000
Reserves	\$221,001
Other Costs	\$1,300,034
Developer Fee	\$2,301,978
Commercial Costs	\$0
Total	\$21,145,629

Residential

Construction Cost Per Square Foot:	\$275
Per Unit Cost:	\$431,543
True Cash Per Unit Cost*:	\$409,233

Construction Financing

<u>Source</u>	<u>Amount</u>
Citibank	\$15,063,109
City of Redding: CDBG-DR	\$2,000,000
Deferred Costs	\$221,001
Deferred Developer Fee	\$1,801,978
Tax Credit Equity	\$2,059,541

Permanent Financing

<u>Source</u>	<u>Amount</u>
Citibank	\$4,340,000
HCD: NPLH	\$2,860,143
Shasta County	\$1,000,000
City of Redding: CDBG-DR	\$2,000,000
Deferred Developer Fee	\$1,093,190
Tax Credit Equity	\$9,852,296
TOTAL	\$21,145,629

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$12,546,700
130% High Cost Adjustment:	No
Applicable Fraction:	100.00%
Qualified Basis:	\$12,546,700
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$1,129,203
Approved Developer Fee (in Project Cost & Eligible Basis):	\$2,301,978
Investor/Consultant:	Raymond James
Federal Tax Credit Factor:	\$0.87250

The “as if vacant” land value and the existing improvement value established at application, 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, unless a waiver has been granted for a purchase price not to exceed the sum of third party debt that will be assumed or paid off. The sum of the third party debt encumbering the property may increase during subsequent reviews to reflect the actual amount.

Tie-Breaker Information

First:	Large Family
Self-Score Final:	57.540%
CTCAC Final:	57.540%

Significant Information / Additional Conditions: None.

Resyndication and Resyndication Transfer Event: None.

Local Reviewing Agency

The Local Reviewing Agency, City of Redding Housing Division, has completed a site review of this project and strongly supports this project.

Standard Conditions

The applicant must submit all documentation required for a Carryover Allocation and any Readiness to Proceed Requirements elected. Failure to provide the documentation at the time required may result in rescission of the Credit reservation and cancellation of a carryover allocation.

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 performance deposit and allocation 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.

The applicant must ensure the project meets all Additional Threshold Requirements of the proposed project. If points were awarded for service amenities, the applicant will be required to provide such amenity or amenities identified in the application, for a minimum period of fifteen years and at no cost to the tenants. Applicants that received increases (exceptions to limits) in the threshold basis limit under Section 10327(c)(5) must submit the certification required by Section 10322(i)(2) at project completion.

Points System	Max. Possible Points	Requested Points	Points Awarded
Owner / Management Characteristics	10	10	10
General Partner Experience	7	7	7
Management Experience	3	3	3
Housing Needs	10	10	10
Site Amenities	15	15	15
Within ½ mile of transit station or public bus stop	3	3	3
Within ½ mile of public park or community center open to general public	3	3	3
Within ½ mile of a full-scale grocery/supermarket of at least 25,000 sf	5	5	5
Within ¾ mile of a public elementary school	2	2	2
Within ½ mile of medical clinic or hospital	3	3	3
Within ½ mile of a pharmacy	2	2	2
Service Amenities	10	10	10
LARGE FAMILY, SENIOR, AT-RISK HOUSING TYPES			
Adult ed/health & wellness/skill bldg classes, min. 84 hrs/yr instruction	7	7	7
Health & wellness services and programs, minimum 60 hrs per 100 bdrms	3	3	3
Lowest Income	52	52	52
Basic Targeting	50	50	50
Deeper Targeting – at least 10% of Low Income Units @ 30% AMI or less	2	2	2
Readiness to Proceed	10	10	10
Miscellaneous Federal and State Policies	2	2	2
State Credit Substitution	2	2	2
Total Points	109	109	109

Please Note: If more than the maximum Site Amenity points were requested, not all amenities may have been scored and/or verified.

DO NOT RELY ON SCORING IN THIS COMPETITIVE CYCLE FOR FUTURE APPLICATIONS. ALL RE-APPLICATIONS ARE REVIEWED WITHOUT RELIANCE ON PAST SCORING.