

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**

**Project Staff Report  
2024 Second Round  
October 2, 2024**

Central Sacramento Studios II, located at 815 11th Street in Sacramento, requested and is being recommended for a reservation of \$2,497,453 in annual federal tax credits to finance the new construction of 51 units of housing serving special needs tenants with rents affordable to households earning 30% of area median income (AMI). The project will be developed by Danco Communities and will be located in Senate District 8 and Assembly District 6.

The project will be receiving rental assistance in the form of HUD Section 8 Project-based Vouchers.

<b>Project Number</b>	CA-24-116	
<b>Project Name</b>	Central Sacramento Studios II	
Site Address:	815 11th Street Sacramento, CA 95814	
County:	Sacramento	
Census Tract:	11.03	
<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total</b>
Requested:	\$2,497,453	\$0
Recommended:	\$2,497,453	\$0

**Applicant Information**

Applicant:	Sacramento 11th Street II LP
Contact:	Daniel J. Johnson
Address:	5251 Ericson Way Arcata, CA 95521
Phone:	(707) 822-9000
Email:	djohnson@danco-group.com
General Partner(s) / Principal Owner(s):	Sacramento 11th Street II LLC Community Revitalization and Development Corporation Danco Communities
General Partner Type:	Joint Venture
Parent Company(ies):	Johnson & Johnson Investments, LLC Community Revitalization and Development Corporation Danco Communities
Developer:	Danco Communities
Investor/Consultant:	Boston Financial
Management Agent(s):	Danco Property Management

**Project Information**

Construction Type:	New Construction
Total # Residential Buildings:	1
Total # of Units:	52
No. & % of Tax Credit Units:	51          100%
Federal Set-Aside Elected:	40%/60%
Federal Subsidy:	HUD Section 8 Project-based Vouchers (51 Units - 100%)

**Information**

Set-Aside: N/A  
Housing Type: Special Needs  
Type of Special Needs: Homeless  
Average Targeted Affordability of Special Needs Project Units: 30.00%  
% of Special Need Units: 51 units 100.00%  
Geographic Area: Capital Region  
CTCAC Project Analyst: Sabrina Yang

**55-Year Use / Affordability**

<u>Aggregate Targeting</u>	<u>Number of Units</u>	<u>Percent of Required Affordable Units</u>
At or Below 30% AMI:	51	80%

**Unit Mix**

35 SRO/Studio Units
17 1-Bedroom Units
<u>52 Total Units</u>

<u>Unit Type &amp; Number</u>	<u>2024 Rents Targeted % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
35 SRO/Studio	30%	\$563
16 1 Bedroom	30%	\$603
1 1 Bedroom	Manager's Unit	\$0

**Project Cost Summary at Application**

Land and Acquisition	\$1
Construction Costs	\$20,342,691
Rehabilitation Costs	\$0
Construction Contingency	\$1,343,028
Relocation	\$0
Architectural/Engineering	\$1,138,256
Const. Interest, Perm. Financing	\$2,260,733
Legal Fees	\$115,000
Reserves	\$1,326,419
Other Costs	\$2,291,573
Developer Fee	\$2,500,000
Commercial Costs	\$0
<b>Total</b>	<b>\$31,317,701</b>

**Residential**

Construction Cost Per Square Foot:	\$533
Per Unit Cost:	\$602,263
True Cash Per Unit Cost*:	\$602,263

<b>Construction Financing</b>		<b>Permanent Financing</b>	
<u>Source</u>	<u>Amount</u>	<u>Source</u>	<u>Amount</u>
Citi Bank	\$21,480,000	Citi Bank	\$1,674,626
SHRA <sup>1</sup>	\$7,800,000	SHRA <sup>1</sup>	\$7,800,000
Tax Credit Equity	\$2,037,701	Solar Tax Credit Equity	\$240,104
		Tax Credit Equity	\$21,602,971
		<b>TOTAL</b>	<b>\$31,317,701</b>

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

<sup>1</sup>Sacramento Housing and Redevelopment Agency

**Determination of Credit Amount(s)**

Requested Eligible Basis:	\$21,345,757
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$27,749,484
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$2,497,453
Approved Developer Fee (in Project Cost & Eligible Basis):	\$2,500,000
Investor/Consultant:	Boston Financial
Federal Tax Credit Factor:	\$0.86500

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:	<b>Special Needs</b>
Self-Score Final:	<b>62.896%</b>
CTCAC Final:	<b>61.402%</b>

**Significant Information / Additional Conditions**

The proposed rent does not include a utility allowance. The owner will pay for all utilities.

**Resyndication and Resyndication Transfer Event:** None.

**Local Reviewing Agency**

The Local Reviewing Agency, Sacramento Housing and Redevelopment Agency, 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.

<b>Points System</b>	<b>Max. Possible Points</b>	<b>Requested Points</b>	<b>Points Awarded</b>
<b>Owner / Management Characteristics</b>	<b>10</b>	<b>10</b>	<b>10</b>
General Partner Experience	7	7	7
Management Experience	3	3	3
<b>Housing Needs</b>	<b>10</b>	<b>10</b>	<b>10</b>
<b>Site Amenities</b>	<b>15</b>	<b>15</b>	<b>15</b>
Within 1/8 mile of transit, service every 30 min, 25 units/acre density	7	7	7
Within 1/2 mile of public park or community center open to general public	3	3	3
Within 1/2 mile of public library	3	3	3
Within 1 mile of a full-scale grocery/supermarket of at least 25,000 sf	4	4	4
Within 1 mile of a pharmacy	1	1	1
<b>Service Amenities</b>	<b>10</b>	<b>10</b>	<b>10</b>
<b>SPECIAL NEEDS, SRO HOUSING TYPES</b>			
Case Manager, minimum ratio of 1 FTE to 100 bedrooms	5	5	5
Service Coordinator/Other Services Specialist, min. ratio 1 FTE to 360 bdrms	5	5	5
<b>Lowest Income</b>	<b>52</b>	<b>52</b>	<b>52</b>
Basic Targeting	50	50	50
Deeper Targeting – at least 10% of Low Income Units @ 30% AMI or less	2	2	2
<b>Readiness to Proceed</b>	<b>10</b>	<b>10</b>	<b>10</b>
<b>Miscellaneous Federal and State Policies</b>	<b>2</b>	<b>2</b>	<b>2</b>
State Credit Substitution	2	2	2
<b>Total Points</b>	<b>109</b>	<b>109</b>	<b>109</b>

**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.**