

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

Meridian at Corona Station, located at 890 North McDowell Boulevard in Petaluma on a 4.83 acre site, requested and is being recommended for a reservation of \$4,176,167 in annual federal tax credits and \$48,625,159 of tax-exempt bond cap to finance the new construction of 131 units of housing, consisting of 130 restricted rental units and 1 unrestricted manager's unit. The project will have 33 studio units, 29 one-bedroom units, 35 two-bedroom units, and 34 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 June 2025 and be completed in December 2026. The project will be developed by Danco Communities and will be located in Senate District 2 and Assembly District 10.

The project will be receiving rental assistance in the form of HUD Section 8 Project-based Vouchers. The project financing includes state funding from the Affordable Housing and Sustainable Communities (AHSC) program of HCD.

Project Number CA-24-673

Project Name Meridian at Corona Station
Site Address: 890 North McDowell Boulevard
Petaluma, CA 94954
County: Sonoma
Census Tract: 1506.09

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$4,176,167	\$0
Recommended:	\$4,176,167	\$0

Tax-Exempt Bond Allocation
Recommended: \$48,625,159

CTCAC Applicant Information
CTCAC Applicant/CDLAC Sponsor: Community Revitalization and Development Corporation
Contact: David Rutledge
Address: 1918 West Street
Redding, CA 96001
Phone: (530) 241-6960
Email: david@crdc-housing.org

Bond Financing Information
CDLAC Applicant/Bond Issuer: CMFA
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Private Placement Purchaser: Citibank, N.A.

Development Team

General Partners / Principal Owners:	Johnson & Johnson Investments, LLC Community Revitalization and Development Corporation Danco Communities
General Partner Type:	Joint Venture
Parent Companies:	Community Revitalization and Development Corporation Danco Communities
Developer:	Danco Communities
Investor/Consultant:	Boston Financial
Management Agent:	Danco Property Management

Project Information

Construction Type:	New Construction	
Total # Residential Buildings:	7	
Total # of Units:	131	
No. / % of Low Income Units:	130	100.00%
Average Targeted Affordability:	50.70%	
Federal Set-Aside Elected:	40%/60%	
Federal Subsidy:	Tax-Exempt / HUD Section 8 Project-based Vouchers (33 Units - 25%)	

Information

Housing Type:	Large Family
Geographic Area:	Northern Region
State Ceiling Pool:	New Construction
Set Aside:	N/A
Homeless Set Aside Units:	33
CDLAC Project Analyst:	Amit Sarang
CTCAC Project Analyst:	Jacob Paixao

55-Year Use / Affordability

<u>Aggregate Targeting</u>	<u>Number of Units</u>	<u>Percentage of Affordable Units</u>
30% AMI:	33	25%
50% AMI:	15	12%
60% AMI:	82	63%

Unit Mix

33 SRO/Studio Units
29 1-Bedroom Units
35 2-Bedroom Units
<u>34 3-Bedroom Units</u>
131 Total Units

Unit Type & Number	2024 Rents Targeted % of Area Median Income	Proposed Rent (including utilities)
29 SRO/Studio	30%	\$726
4 SRO/Studio	60%	\$1,362
4 1 Bedroom	30%	\$778
4 1 Bedroom	50%	\$1,297
21 1 Bedroom	60%	\$1,557
5 2 Bedrooms	50%	\$1,556
30 2 Bedrooms	60%	\$1,867
6 3 Bedrooms	50%	\$1,798
27 3 Bedrooms	60%	\$2,087
1 3 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$9,736,327
Construction Costs	\$51,903,066
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$2,595,153
Soft Cost Contingency	\$466,517
Relocation	\$0
Architectural/Engineering	\$1,358,911
Const. Interest, Perm. Financing	\$4,117,995
Legal Fees	\$115,000
Reserves	\$633,778
Other Costs	\$9,773,432
Developer Fee	\$10,475,338
Commercial Costs	\$0
Total	\$91,175,517

Residential

Construction Cost Per Square Foot:	\$417
Per Unit Cost:	\$695,996
Estimated Hard Per Unit Cost:	\$336,012
True Cash Per Unit Cost*:	\$617,412
Bond Allocation Per Unit:	\$371,184
Bond Allocation Per Restricted Rental Unit:	\$374,040

Construction Financing

Source	Amount
Citi Bank: Tax-Exempt	\$48,625,159
Citi Bank: Taxable	\$1,186,326
HCD: AHSC	\$20,000,000
City of Petaluma Loan	\$2,000,000
Impact Fee Waiver	\$3,044,702
Deferred Developer Fee	\$7,249,823
Tax Credit Equity	\$9,069,507

Permanent Financing

Source	Amount
Citi Bank: Taxable	\$21,939,958
HCD: AHSC	\$20,000,000
City of Petaluma Loan	\$2,000,000
Impact Fee Waiver	\$3,044,702
Deferred Developer Fee	\$7,249,820
Solar Equity	\$608,373
Tax Credit Equity	\$36,332,664
TOTAL	\$91,175,517

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$80,310,927
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$104,404,205
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$4,176,167
Approved Developer Fee (in Project Cost & Eligible Basis):	\$10,475,338
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: 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: 92.041%