

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

Mountain Townhomes, located at 735 Chestnut Street in Mount Shasta on a 1.26 acre site, requested and is being recommended for a reservation of \$679,923 in annual federal tax credits and \$3,059,307 in total state tax credits and \$9,427,356 of tax-exempt bond cap to finance the new construction of 25 units of housing, consisting of 24 restricted rental units and 1 unrestricted manager's unit. The project will have 2 one-bedroom units, 13 two-bedroom units, and 10 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 1 and Assembly District 1.

The project financing includes state funding from the Infill Infrastructure Grant (IIG) & Permanent Local Housing Allocation (PLHA) programs of HCD.

Project Number CA-24-675

Project Name Mountain Townhomes
 Site Address: 735 Chestnut Street
 Mount Shasta, CA 96067

County: Siskiyou
 Census Tract: 10.00

Tax Credit Amounts	Federal/Annual	State/Total *
Requested:	\$679,923	\$3,059,307
Recommended:	\$679,923	\$3,059,307

* The applicant made an election to sell (Certificate) all or any portion of the state credits.

Tax-Exempt Bond Allocation
 Recommended: \$9,427,356

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 Partner(s) or Principal Owner(s): Mount Shasta Chestnut Street LLC
 Community Revitalization and Development Corporation
 General Partner Type: Joint Venture
 Parent Company(ies): Johnson & Johnson Investments, LLC
 Community Revitalization and Development Corporation
 Developer: Danco Communities
 Investor/Consultant: Boston Financial
 Management Agent: Danco Property Management

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 4
 Total # of Units: 25
 No. / % of Low Income Units: 24 100.00%
 Average Targeted Affordability: 41.96%
 Federal Set-Aside Elected: 40%/60%
 Federal Subsidy: Tax-Exempt

Information

Housing Type: Large Family
 Geographic Area: N/A
 State Ceiling Pool: N/A
 Set Aside: N/A
 Homeless Set Aside Units: 3
 CDLAC Project Analyst: Sarah Lester
 CTCAC Project Analyst: Brett Andersen

55-Year Use / Affordability

Aggregate Targeting	Number of Units	Percentage of Affordable Units
30% AMI:	4	17%
40% AMI:	3	13%
50% AMI:	13	54%
60% AMI:	4	17%

Unit Mix

2 1-Bedroom Units
 13 2-Bedroom Units
 10 3-Bedroom Units

 25 Total Units

Unit Type & Number	2024 Rents Targeted % of Area Median Income	Proposed Rent (including utilities)
1 1 Bedroom	30%	\$495
1 1 Bedroom	50%	\$659
2 2 Bedrooms	30%	\$594
2 2 Bedrooms	40%	\$792
7 2 Bedrooms	50%	\$927
2 2 Bedrooms	60%	\$927
1 3 Bedrooms	30%	\$685
1 3 Bedrooms	40%	\$914
5 3 Bedrooms	50%	\$999
2 3 Bedrooms	60%	\$999
1 3 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$460,000
Construction Costs	\$10,193,081
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$509,654
Soft Cost Contingency	\$146,045
Relocation	\$0
Architectural/Engineering	\$1,251,330
Const. Interest, Perm. Financing	\$1,224,316
Legal Fees	\$115,000
Reserves	\$87,628
Other Costs	\$1,639,199
Developer Fee	\$2,217,138
Commercial Costs	\$0
Total	\$17,843,391

Residential

Construction Cost Per Square Foot:	\$366
Per Unit Cost:	\$713,736
Estimated Hard Per Unit Cost:	\$301,699
True Cash Per Unit Cost*:	\$713,736
Bond Allocation Per Unit:	\$377,094
Bond Allocation Per Restricted Rental Unit:	\$392,807

Construction Financing		Permanent Financing	
<u>Source</u>	<u>Amount</u>	<u>Source</u>	<u>Amount</u>
Citibank: Tax-Exempt	\$9,427,356	Citibank	\$1,068,962
Citibank: Taxable	\$5,756,006	HCD: IIG	\$1,342,600
HCD: IIG	\$1,342,600	City of Mount Shasta: PLHA	\$4,750,000
Tax Credit Equity	\$1,317,429	County of Siskiyou: PLHA	\$1,885,321
		Solar Tax Credit Equity	\$192,391
		Tax Credit Equity	\$8,604,117
		TOTAL	\$17,843,391

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$16,998,066
130% High Cost Adjustment:	No
Applicable Fraction:	100.00%
Qualified Basis:	\$16,998,066
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$679,923
Total State Credit:	\$3,059,307
Approved Developer Fee (in Project Cost & Eligible Basis):	\$2,217,138
Federal Tax Credit Factor:	\$0.86500
State Tax Credit Factor:	\$0.89000

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 \$713,736. The applicant noted that the per unit cost is attributed to structural work to ensure snow loads will hold on the buildings, snow equipment and storage, and a COSR for the first fifteen years of operation.

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	10
Site Amenities	10	10	10
Service Amenities	10	10	10
Cost Containment	12	12	12
Negative Points	No Maximum		0
Total Points	120	110	120

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: 44.277%