

# CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

## Project Staff Report

### 2022 Second Round

December 28, 2022

Table Mountain Apartments II, located at Jay Blue Drive (Formerly 122 Mono Avenue) in Oroville, requested and is being recommended for a reservation of \$2,016,211 in annual federal tax credits to finance the new construction of 47 units of housing serving families with rents affordable to households earning 30%-60% of area median income (AMI). The project will be developed by ADK Properties LLC and will be located in Senate District 4 and Assembly District 3.

The project financing includes state funding from the Community Development Block Grant – Disaster Recovery Multifamily Housing Program (DR-MHP) program of HCD.

**Project Number** CA-22-042

**Project Name** Table Mountain Apartments II  
**Site Address:** Jay Blue Drive (Formerly 122 Mono Avenue)  
Oroville, CA 95965  
**County:** Butte  
**Census Tract:** 25.004

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total</b>
Requested:	\$2,016,211	\$0
Recommended:	\$2,016,211	\$0

#### **Applicant Information**

**Applicant:** Table Mountain Apartments II LLC  
**Contact:** Daniel Knott  
**Address:** 1011 Parkview Avenue, Suite A  
Redding, CA 96001  
**Phone:** (530)244-0596  
**Email:** dknott@k2dci.com

**General Partner(s) / Principal Owner(s):** Table Mountain Apartments II LLC  
Community Revitalization and Development Corporation  
**General Partner Type:** Joint Venture  
**Parent Company(ies):** K&M Butte Developers LLC  
Community Revitalization and Development Corporation  
**Developer:** ADK Properties LLC  
**Investor/Consultant:** R4 Capital  
**Management Agent(s):** FPI Management

#### **Project Information**

**Construction Type:** New Construction  
**Total # Residential Buildings:** 2  
**Total # of Units:** 48  
**No. & % of Tax Credit Units:** 47 100%  
**Federal Set-Aside Elected:** 40%/60%  
**Federal Subsidy:** CDBG

**Information**

Set-Aside: Rural  
Housing Type: Large Family  
Geographic Area: N/A  
CTCAC Project Analyst: Brett Andersen

**55-Year Use / Affordability**

<b>Aggregate Targeting</b>	<b>Number of Units</b>	<b>Percent of Required Affordable Units</b>
At or Below 30% AMI:	8	15%
At or Below 40% AMI:	5	10%
At or Below 50% AMI:	20	40%
At or Below 60% AMI:	14	25%

**Unit Mix**

12 1-Bedroom Units
24 2-Bedroom Units
12 3-Bedroom Units
48 Total Units

<b>Unit Type &amp; Number</b>	<b>2022 Rents Targeted % of Area Median Income</b>	<b>Proposed Rent (including utilities)</b>
2 1 Bedroom	30%	\$438
1 1 Bedroom	40%	\$585
6 1 Bedroom	50%	\$731
3 1 Bedroom	60%	\$877
4 2 Bedrooms	30%	\$526
2 2 Bedrooms	40%	\$702
8 2 Bedrooms	50%	\$877
9 2 Bedrooms	60%	\$1,053
2 3 Bedrooms	30%	\$607
2 3 Bedrooms	40%	\$810
6 3 Bedrooms	50%	\$1,013
2 3 Bedrooms	60%	\$1,215
1 2 Bedrooms	Manager's Unit	\$0

**Project Cost Summary at Application**

Land and Acquisition	\$1,000,000
Construction Costs	\$14,213,000
Rehabilitation Costs	\$0
Construction Contingency	\$822,385
Relocation	\$0
Architectural/Engineering	\$585,000
Const. Interest, Perm. Financing	\$999,975
Legal Fees	\$245,000
Reserves	\$96,896
Other Costs	\$1,656,261
Developer Fee	\$2,200,000
Commercial Costs	\$0
<b>Total</b>	<b>\$21,818,517</b>

**Residential**

Construction Cost Per Square Foot:	\$314
Per Unit Cost:	\$454,552
True Cash Per Unit Cost*:	\$454,552

**Construction Financing**

Source	Amount
Banner Bank	\$17,170,465
Deferred Reserves	\$96,896
Deferred Developer Fee	\$1,889,757
Tax Credit Equity	\$2,661,399

**Permanent Financing**

Source	Amount
Banner Bank	\$1,575,860
CDBG-DR-MHP**	\$2,500,000
Tax Credit Equity	\$17,742,657
<b>TOTAL</b>	<b>\$21,818,517</b>

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

\*\*Department of Housing and Community Development - Community Development Block Grant - Disaster Recovery Multifamily Housing Program

**Determination of Credit Amount(s)**

Requested Eligible Basis:	\$17,232,573
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$22,402,345
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$2,016,211
Approved Developer Fee (in Project Cost & Eligible Basis):	\$2,200,000
Investor/Consultant:	R4 Capital
Federal Tax Credit Factor:	\$0.88000

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>Large Family</b>
Self-Score Final:	<b>21.967%</b>
CTCAC Final:	<b>21.967%</b>

**Significant Information / Additional Conditions**

This project is Phase II of Mono Apartments (CA-21-093). Both phases will be managed by an onsite property manager located in Phase I and share community facilities. Prior to the start of construction, all necessary agreements shall be in place to ensure that Phase II has sufficient property management and access to the required community spaces. The Joint Use Agreement shall be provided in the placed in service submission.

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

**Local Reviewing Agency**

The Local Reviewing Agency, City of Oroville, 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 points for sustainable building methods (energy efficiency) must submit the certification required by Section 10325(c)(5) at project completion. 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

<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 ½ mile of transit station or public bus stop	4	4	4
Within 1 mile of public park or community center open to general public	3	3	3
Within 2 miles of a full-scale grocery/supermarket of at least 25,000 sf	4	4	4
Within ½ mile of a public middle school	3	3	3
Within 2 miles of a pharmacy	1	1	1
<b>Service Amenities</b>	<b>10</b>	<b>10</b>	<b>10</b>
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
<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.**