

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

**Project Staff Report
Tax-Exempt Bond Project
May 10, 2023**

Cussick Apartments, located at W. East Avenue at Cussick Avenue in Chico, requested and is being recommended for a reservation of \$1,900,776 in annual federal tax credits and \$5,638,254 in total state tax credits to finance the new construction of 74 units of housing serving families with rents affordable to households earning 30%-60% of area median income (AMI). The project will be developed by Danco Communities and will be located in Senate District 4 and Assembly District 3.

Project Number CA-23-421

Project Name Cussick Apartments
Site Address: W. East Avenue at Cussick Avenue
Chico, CA 95928
County: Butte
Census Tract: 4.03

Tax Credit Amounts	Federal/Annual	State/Total *
Requested:	\$1,900,776	\$5,638,254
Recommended:	\$1,900,776	\$5,638,254

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

Applicant Information

Applicant: Community Revitalization and Development Corporation
Contact: David Rutledge
Address: 635 Parkview Avenue
Redding, CA 96001
Phone: (530) 241-6960
Email: David@crdc-housing.org

General Partner(s) or Principal Owner(s): Johnson & Johnson Investments, 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

Bond Issuer: CMFA

Investor/Consultant: Boston Financial

Management Agent: Danco Property Management

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 7
 Total # of Units: 75
 No. / % of Low Income Units: 74 100.00%
 Federal Set-Aside Elected: 40%/60%
 Federal Subsidy: Tax-Exempt / CDBG-DR

Information

Housing Type: Large Family
 Geographic Area: Northern Region
 CTCAC Project Analyst: Brett Andersen

55-Year Use / Affordability

Aggregate Targeting	Number of Units	Percentage of Affordable Units
30% AMI:	21	28%
40% AMI:	35	47%
50% AMI:	14	19%
60% AMI:	4	5%

Unit Mix

8 1-Bedroom Units
24 2-Bedroom Units
33 3-Bedroom Units
10 4-Bedroom Units
75 Total Units

Unit Type & Number	2022 Rents Targeted % of Area Median Income	Proposed Rent (including utilities)
3 1 Bedroom	30%	\$438
3 1 Bedroom	40%	\$585
1 1 Bedroom	50%	\$731
1 1 Bedroom	60%	\$877
9 2 Bedrooms	30%	\$526
10 2 Bedrooms	40%	\$702
4 2 Bedrooms	50%	\$877
1 2 Bedrooms	60%	\$1,053
7 3 Bedrooms	30%	\$607
16 3 Bedrooms	40%	\$810
8 3 Bedrooms	50%	\$1,013
1 3 Bedrooms	60%	\$1,215
2 4 Bedrooms	30%	\$678
6 4 Bedrooms	40%	\$904
1 4 Bedrooms	50%	\$1,130
1 4 Bedrooms	60%	\$1,356
1 3 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$2,710,000
Construction Costs	\$26,943,658
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$1,886,056
Soft Cost Contingency	\$209,613
Relocation	\$0
Architectural/Engineering	\$948,094
Const. Interest, Perm. Financing	\$1,702,418
Legal Fees	\$115,000
Reserves	\$188,760
Other Costs	\$2,874,828
Developer Fee	\$2,591,850
Commercial Costs	\$0
Total	\$40,170,277

Residential

Construction Cost Per Square Foot:	\$306
Per Unit Cost:	\$535,604
True Cash Per Unit Cost*:	\$534,379

Construction Financing

Source	Amount
Pacific Western Tax Exempt	\$21,295,915
Pacific Western Taxable	\$205,176
City of Chico CDBG-DR	\$10,720,918
Butte County CDBG-DR	\$5,209,091
Tax Credit Equity	\$2,739,177

Permanent Financing

Source	Amount
Pacific Western	\$2,291,757
City of Chico CDBG-DR	\$10,720,918
Butte County CDBG-DR	\$5,209,091
Deferred Developer Fee	\$91,850
Solar Tax Credit Equity	\$301,864
Tax Credit Equity	\$21,554,797
TOTAL	\$40,170,277

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$36,553,393
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$47,519,411
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$1,900,776
Total State Credit:	\$5,638,254
Approved Developer Fee (in Project Cost & Eligible Basis):	\$2,591,850
Investor/Consultant:	Boston Financial
Federal Tax Credit Factor:	\$0.87000
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.

Significant Information / Additional Conditions: 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).