

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

2023 First Round

July 26, 2023

Shasta Lake Redevelopment, located at 4601 Shasta Dam Boulevard in Shasta Lake, requested and is being recommended for a reservation of \$2,441,500 in annual federal tax credits to finance the new construction of 48 units of housing serving families with rents affordable to households earning 30%-50% of area median income (AMI). The project will be developed by ADK Properties LLC and will be located in Senate District 1 and Assembly District 1.

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-23-016

Project Name Shasta Lake Redevelopment
Site Address: 4601 Shasta Dam Boulevard
Shasta Lake, CA 96019
County: Shasta
Census Tract: 117.03

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$2,441,500	\$0
Recommended:	\$2,441,500	\$0

Applicant Information

Applicant: Shasta Lake Downtown Housing, LP
Contact: Daniel Knott
Address: 1011 Parkview Avenue, Suite A
Redding, CA 96001
Phone: (530) 244-0595
Email: dknott@k2dci.com

General Partner(s) / Principal Owner(s): Shasta Lake Downtown Housing LLC
Community Revitalization and Development Company
General Partner Type: Joint Venture
Parent Company(ies): ADK Properties LLC
Community Revitalization and Development Company
Developer: ADK Properties LLC
Investor/Consultant: Raymond James
Management Agent(s): FPI Management Inc

Project Information

Construction Type: New Construction
Total # Residential Buildings: 4
Total # of Units: 49
No. & % of Tax Credit Units: 48 100%
Federal Set-Aside Elected: 40%/60%
Federal Subsidy: CDBG-DR / HUD Section 8 Project-based Vouchers (48 Units - 100%)

Information

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

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:	11	23%
At or Below 40% AMI:	10	21%
At or Below 50% AMI (Rural):	27	56%

Unit Mix

15 1-Bedroom Units
20 2-Bedroom Units
<u>14 3-Bedroom Units</u>
49 Total Units

<u>Unit Type & Number</u>	<u>2022 Rents Targeted % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
4 1 Bedroom	30%	\$447
3 1 Bedroom	40%	\$596
8 1 Bedroom	50%	\$745
4 2 Bedrooms	30%	\$536
4 2 Bedrooms	40%	\$715
11 2 Bedrooms	50%	\$893
3 3 Bedrooms	30%	\$619
3 3 Bedrooms	40%	\$826
8 3 Bedrooms	50%	\$1,032
1 2 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$1,798,685
Construction Costs	\$26,378,826
Rehabilitation Costs	\$0
Construction Contingency	\$1,488,064
Relocation	\$0
Architectural/Engineering	\$1,471,969
Const. Interest, Perm. Financing	\$3,839,237
Legal Fees	\$280,422
Reserves	\$236,785
Other Costs	\$1,418,452
Developer Fee	\$2,200,000
Commercial Costs	\$572,331
Total	\$39,684,771

Residential

Construction Cost Per Square Foot:	\$475
Per Unit Cost:	\$797,492
True Cash Per Unit Cost*:	\$774,373

Construction Financing

<u>Source</u>	<u>Amount</u>
Citibank	\$27,142,227
HCD: AHSC	\$3,635,000
County of Shasta: CDBG-DR	\$1,736,270
City of Shasta: CDBG-DR	\$1,331,634
City of Shasta: Land Note	\$947,000
Deferred Developer Fee	\$1,697,327
Tax Credit Equity	\$3,195,313

Permanent Financing

<u>Source</u>	<u>Amount</u>
Citibank	\$4,080,000
HCD: AHSC	\$5,841,661
HCD: AHSC (Grant)	\$3,635,000
County of Shasta: CDBG-DR	\$1,736,270
City of Shasta: CDBG-DR	\$1,331,634
City of Shasta: Land Note	\$947,000
Acquisition Loan ¹	\$607,671
Deferred Developer Fee	\$203,447
Tax Credit Equity	\$21,302,088
TOTAL	\$39,684,771

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

¹Commercial Loan

Determination of Credit Amount(s)

Requested Eligible Basis:	\$20,867,521
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$27,127,777
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$2,441,500
Approved Developer Fee in Project Cost:	\$2,200,000
Approved Developer Fee in Eligible Basis:	\$2,164,660
Investor/Consultant:	Raymond James
Federal Tax Credit Factor:	\$0.87250

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:	Large Family
Self-Score Final:	66.653%
CTCAC Final:	66.653%

Significant Information / Additional Conditions

This project has a cost per unit of \$774,373, which is due to numerous components and amenities required or incentivized by the AHSC program, including Cal Green Energy requirements, bike storage units, and transit passes. Additionally, the project is funding infrastructure improvements, as well as linkages to public transportation.

Resyndication and Resyndication Transfer Event: None.

Local Reviewing Agency

The Local Reviewing Agency has not yet completed a site review of this project. Any negative comments in the LRA report will cause this staff report to be revised to reflect such comments.

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 completion.

Points System	Max. Possible Points	Requested Points	Points Awarded
Owner / Management Characteristics	10	10	10
General Partner Experience	7	7	7
Management Experience	3	3	3
Housing Needs	10	10	10
Site Amenities	15	15	15
Within ½ mile of transit station or public bus stop	3	3	3
Within 1 mile of public park or community center open to general public	3	3	3
Within 1 mile of public library	3	3	3
Within ½ mile of a neighborhood market of at least 5,000 sf	4	4	4
Within 1 mile of a public high school	3	3	3
Within 1 mile of medical clinic or hospital	3	3	3
Within 2 miles of a pharmacy	1	1	1
Service Amenities	10	10	10
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
Lowest Income	52	52	52
Basic Targeting	50	50	50
Deeper Targeting – at least 10% of Low Income Units @ 30% AMI or less	2	2	2
Readiness to Proceed	10	10	10
Miscellaneous Federal and State Policies	2	2	2
State Credit Substitution	2	2	2
Total Points	109	109	109

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.