

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**

**Project Staff Report  
Tax-Exempt Bond Project  
August 23, 2023**

Battery Point Apartments, located at 1050 E Street in Crescent City, requested and is being recommended for a reservation of \$3,879,952 in annual federal tax credits and \$16,011,905 in total state tax credits to finance the new construction of 160 units of housing serving families with rents affordable to households earning 30%-70% of area median income (AMI). The project will be developed by Step Forward Communities, Synergy Community Development Corporation and GreenShoots Communities LLC and will be located in Senate District 2 and Assembly District 2.

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 Infill Infrastructure Grant (IIG) of HCD and Mixed-Income Program (MIP) through CalHFA.

**Project Number** CA-23-518  
**Project Name** Battery Point Apartments  
Site Address: 1050 E Street  
Crescent City, CA 95531  
County: Del Norte  
Census Tract: 06-015-0001.01

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total *</b>
Requested:	\$3,879,952	\$16,011,905
Recommended:	\$3,879,952	\$16,011,905

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

**Applicant Information**

Applicant: Step Forward Communities  
Contact: Duane Henry  
Address: 638 Camino De Los Mares, Suite H130-467  
San Clemente, CA 92673  
Phone: (850) 748-2360  
Email: duane.henry@stepforwardcommunities.com  
  
General Partner(s) or Principal Owner(s): Step Forward Communities  
Synergy Community Development Corporation  
General Partner Type: Joint Venture  
Developers: Step Forward Communities  
Synergy Community Development Corporation  
GreenShoots Communities LLC  
Bond Issuer: CAL-HFA  
Investor/Consultant: RBC Community Investments  
Management Agent: MBS Property Management Inc

**Project Information**

Construction Type: New Construction  
 Total # Residential Buildings: 5  
 Total # of Units: 162  
 No. / % of Low Income Units: 160 100.00%  
 Federal Set-Aside Elected: 40%/60% Average Income  
 Federal Subsidy: Tax-Exempt / HUD Section 8 Project-based Vouchers (70 Units - 44%)

**Information**

Housing Type: Large Family  
 Geographic Area: Rural  
 CTCAC Project Analyst: Chris Saenz

**55-Year Use / Affordability**

<b>Aggregate</b>	<b>Number of</b>	<b>Percentage of</b>
30% AMI:	66	41%
40% AMI:	4	3%
60% AMI:	10	6%
70% AMI:	80	50%

**Unit Mix**

54 1-Bedroom Units  
 63 2-Bedroom Units  
 29 3-Bedroom Units  
16 4-Bedroom Units  
 162 Total Units

<b>Unit Type &amp; Number</b>	<b>2022 Rents Targeted % of Area Median Income</b>	<b>Proposed Rent (including utilities)</b>
27 1 Bedroom	30%	\$438
6 1 Bedroom	30%	\$438
3 1 Bedroom	40%	\$585
18 1 Bedroom	70%	\$1,023
9 2 Bedrooms	30%	\$526
13 2 Bedrooms	30%	\$526
1 2 Bedrooms	40%	\$702
2 2 Bedrooms	60%	\$1,053
37 2 Bedrooms	70%	\$1,228
9 3 Bedrooms	30%	\$607
3 3 Bedrooms	60%	\$1,215
16 3 Bedrooms	70%	\$1,418
2 4 Bedrooms	30%	\$678
5 4 Bedrooms	60%	\$1,356
9 4 Bedrooms	70%	\$1,582
1 2 Bedrooms	Manager's Unit	\$0
1 3 Bedrooms	Manager's Unit	\$0

**Project Cost Summary at Application**

Land and Acquisition	\$1,200,000
Construction Costs	\$56,704,050
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$2,770,200
Soft Cost Contingency	\$443,000
Relocation	\$0
Architectural/Engineering	\$570,500
Const. Interest, Perm. Financing	\$3,656,413
Legal Fees	\$250,000
Reserves	\$989,034
Other Costs	\$1,778,521
Developer Fee	\$9,662,874
Commercial Costs	\$0
<b>Total</b>	<b>\$78,024,592</b>

**Residential**

Construction Cost Per Square Foot:	\$401
Per Unit Cost:	\$481,633
True Cash Per Unit Cost*:	\$444,738

<b>Construction Financing</b>		<b>Permanent Financing</b>	
<u>Source</u>	<u>Amount</u>	<u>Source</u>	<u>Amount</u>
RBC: Tax-Exempt	\$38,430,000	CalHFA	\$14,750,000
RBC: Tax-Exempt, Recycled	\$6,900,000	CalHFA: MIP	\$4,000,000
HCD: IIG	\$7,437,700	HCD: IIG	\$7,437,700
Tax Credit Equity	\$15,179,984	Deferred Developer Fee	\$5,976,992
		Tax Credit Equity	\$45,859,900
		<b>TOTAL</b>	<b>\$78,024,592</b>

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

**Determination of Credit Amount(s)**

Requested Eligible Basis:	\$74,614,457
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$96,998,794
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$3,879,952
Total State Credit:	\$16,011,905
Approved Developer Fee (in Project Cost & Eligible Basis):	\$9,662,874
Investor/Consultant:	RBC Community Investments
Federal Tax Credit Factor:	\$0.83532
State Tax Credit Factor:	\$0.84000

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:**

The project involves the new construction of two buildings consisting of one building containing 41 units restricted to seniors and one building containing 135 units serving large families. CTCAC has received a legal opinion that the project as proposed complies with federal Fair Housing Law.

**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

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

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