

**CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Qualified Private Activity Tax-Exempt Bond Project
April 8, 2025**

Clark Road Apartments, located at 6480 Clark Road in Paradise on a 7.55 acre site, requested and is being recommended for a reservation of \$1,770,311 in annual federal tax credits and \$24,600,335 of tax-exempt bond cap to finance the new construction of 72 units of housing, consisting of 71 restricted rental units and 1 unrestricted manager's unit. The project will have 24 one-bedroom units, 30 two-bedroom units, and 18 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 October 2025 and be completed in May 2027. The project will be developed by Zen Development LLC and will be located in Senate District 1 and Assembly District 3.

The project will be receiving rental assistance in the form of HUD Section 8 Project-based Vouchers.

Project Number CA-25-416

Project Name Clark Road Apartments
Site Address: 6480 Clark Road
Paradise, CA 95969
County: Butte
Census Tract: 0019.00

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$1,770,311	\$0
Recommended:	\$1,770,311	\$0

Tax-Exempt Bond Allocation
Recommended: \$24,600,335

CTCAC Applicant Information
CTCAC Applicant/CDLAC Sponsor: Clark Road Apartments, LP
Contact: William Leach
Address: 6451 Box Springs Boulevard
Riverside, CA 92507
Phone: (951) 538-6244
Email: william@kingdomdevelopment.net

Bond Financing Information
CDLAC Applicant/Bond Issuer: California Municipal Finance Authority
Bond Counsel: Jones Hall, A Professional Law Corporation
Private Placement Purchaser: Citibank, N.A.

Development Team
General Partners / Principal Owners: Kingdom CE, LLC
Zen Development LLC
General Partner Type: Joint Venture
Parent Companies: Kingdom Development, Inc.
Zen Development LLC
Developer: Zen Development LLC
Investor/Consultant: CREA
Management Agent: John Stewart Company

Project Information

Construction Type:	New Construction
Total # Residential Buildings:	6
Total # of Units:	72
No. / % of Low Income Units:	71 100.00%
Average Targeted Affordability:	46.76%
Federal Set-Aside Elected:	40%/60%
Federal Subsidy:	Tax-Exempt / Community Development Block Grant (CDBG)

Information

Housing Type:	Large Family
Geographic Area:	Northern Region
State Ceiling Pool:	Rural
CDLAC Project Analyst:	Danielle Stevenson
CTCAC Project Analyst:	Gloria Witherow

55-Year Use / Affordability

Aggregate Targeting	Number of Units	Percentage of Affordable Units
30% AMI:	25	35%
50% AMI:	19	27%
60% AMI:	27	38%

Unit Mix

24	1-Bedroom Units
30	2-Bedroom Units
18	3-Bedroom Units
72	Total Units

Unit Type & Number	2024 Rents Targeted % of Area Median Income	Proposed Rent (including utilities)
5 1 Bedroom	30%	\$510
9 1 Bedroom	50%	\$850
10 1 Bedroom	60%	\$1,020
5 2 Bedrooms	30%	\$612
1 2 Bedrooms	30%	\$612
5 2 Bedrooms	30%	\$612
7 2 Bedrooms	50%	\$1,021
11 2 Bedrooms	60%	\$1,225
5 3 Bedrooms	30%	\$707
2 3 Bedrooms	30%	\$707
2 3 Bedrooms	30%	\$707
3 3 Bedrooms	50%	\$1,179
6 3 Bedrooms	60%	\$1,415
1 2 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$2,900,000
Construction Costs	\$30,427,992
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$2,958,627
Soft Cost Contingency	\$622,519
Relocation	\$0
Architectural/Engineering	\$1,302,690
Const. Interest, Perm. Financing	\$3,321,522
Legal Fees	\$445,000
Reserves	\$275,650
Other Costs	\$1,436,132
Developer Fee	\$5,772,754
Commercial Costs	\$0
Total	\$49,462,886

Residential

Construction Cost Per Square Foot:	\$220
Per Unit Cost:	\$686,985
Estimated Hard Per Unit Cost:	\$371,107
True Cash Per Unit Cost*:	\$645,691
Bond Allocation Per Unit:	\$341,671
Bond Allocation Per Restricted Rental Unit:	\$346,484

Construction Financing

Source	Amount
Citibank: Tax-Exempt	\$24,600,335
Citibank: Taxable	\$14,847,831
Deferred Developer Fee	\$7,810,903
Tax Credit Equity	\$2,203,817

Permanent Financing

Source	Amount
HCD: CDBG 18	\$13,497,650
HCD: CDBG 18 ¹	\$13,800,000
HCD: CDBG 20	\$4,500,000
Deferred Developer Fee	\$2,973,124
Tax Credit Equity	\$14,692,112
TOTAL	\$49,462,886

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

¹ 2nd Tranche

Determination of Credit Amount(s)

Requested Eligible Basis:	\$44,257,781
Applicable Fraction:	100.00%
Qualified Basis:	\$44,257,781
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$1,770,311
Approved Developer Fee (in Project Cost & Eligible Basis):	\$5,772,754
Federal Tax Credit Factor:	\$0.82992

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: None.

CDLAC Analyst Comments: None.

Resyndication and Resyndication Transfer Event: None.

Standard Conditions

The applicant 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: 80.204%