

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

2025 First Round

June 18, 2025

Cape Cod, located at 6799 Skyway in Paradise, requested and is being recommended for a reservation of \$1,788,999 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 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 811 Project Rental Assistance Demonstration. The project financing includes state funding from the Infill Infrastructure Grant (IIG) program of HCD.

Project Number CA-25-041

Project Name Cape Cod
Site Address: 6799 Skyway
Paradise, CA 95969
County: Butte
Census Tract: 0021.00

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$1,788,999	\$0
Recommended:	\$1,788,999	\$0

Applicant Information

Applicant: Kingdom Development, Inc.
Contact: William Leach
Address: 6451 Box Springs Boulevard
Riverside, CA 92507
Phone: 951-538-6244
Email: William@kingdomdevelopment.net

General Partners / Principal Owners: Kingdom EV, 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: The John Stewart Company

Project Information

Construction Type:	New Construction
Total # Residential Buildings:	4
Total # of Units:	48
No. & % of Tax Credit Units:	47 100%
Federal Set-Aside Elected:	40%/60%
Federal Subsidy:	HUD 811 Project Rental Assistance Demonstration (9 units - 19%) / Community Development Block Grant - Disaster Recovery (CDBG-DR) / HOME

Information

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

55-Year Use / Affordability

Aggregate Targeting	Number of Units	Percent of Required Affordable Units
At or Below 30% AMI:	26	55%
At or Below 50% AMI (Rural):	4	5%
At or Below 60% AMI:	17	35%

Unit Mix

16	1-Bedroom Units
16	2-Bedroom Units
16	3-Bedroom Units
48	Total Units

Unit Type & Number	2024 Rents Targeted % of Area Median Income	Proposed Rent (including utilities)
7 1 Bedroom	30%	\$510
3 1 Bedroom	30%	\$510
4 1 Bedroom	50%	\$850
2 1 Bedroom	60%	\$1,020
2 2 Bedrooms	30%	\$612
6 2 Bedrooms	30%	\$612
7 2 Bedrooms	60%	\$1,225
8 3 Bedrooms	30%	\$707
8 3 Bedrooms	60%	\$1,415
1 2 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$1,815,000
Construction Costs	\$26,285,421
Rehabilitation Costs	\$0
Construction Contingency	\$1,527,197
Relocation	\$0
Architectural/Engineering	\$1,277,961
Const. Interest, Perm. Financing	\$7,245,864
Legal Fees	\$436,540
Reserves	\$1,362,127
Other Costs	\$1,046,406
Developer Fee	\$2,500,000
Commercial Costs	\$0
Total	\$43,496,516

Residential

Construction Cost Per Square Foot:	\$651
Per Unit Cost:	\$906,177
True Cash Per Unit Cost*:	\$889,320

Construction Financing

Source	Amount
Citibank	\$35,418,905
Deferred Costs	\$5,931,027
Tax Credit Equity	\$2,146,584

Permanent Financing

Source	Amount
CDBG-DR	\$13,905,414
HOME	\$12,000,000
HCD: IIG	\$2,471,400
Deferred Developer Fee	\$809,141
Tax Credit Equity	\$14,310,561
TOTAL	\$43,496,516

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$19,877,767
130% High Cost Adjustment:	No
Applicable Fraction:	100.00%
Qualified Basis:	\$19,877,767
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$1,788,999
Approved Developer Fee (in Project Cost & Eligible Basis):	\$2,500,000
Federal Tax Credit Factor:	\$0.79992

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:	93.711%
CTCAC Final:	93.711%

Significant Information / Additional Conditions

Staff noted a per unit development cost of \$889,320. The applicant noted that the per unit cost is attributed to elevated interest rates, construction supply chain disruption, prevailing wage requirements and tariffs on building materials.

Resyndication and Resyndication Transfer Event: None.

Local Reviewing Agency

The Local Reviewing Agency, Town of Paradise, 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 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 1/3 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 1 mile of public library	3	3	3
Within 1/2 mile of a neighborhood market of at least 5,000 sf	4	4	4
Within 1 1/2 miles of a public high school	3	3	3
Within 1 mile of medical clinic or hospital	3	3	0
Within 1 1/2 miles of medical clinic or hospital	2	0	2
Within 1 mile of a pharmacy	2	2	2
Service Amenities	10	10	10
LARGE FAMILY, SENIOR, AT-RISK HOUSING TYPES			
Adult ed/health & wellness/skill bldg classes, min. 60 hrs/yr instruction	5	5	5
Health & wellness services and programs, minimum 100 hrs per 100 bdrms	5	5	5
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
Smoke Free Residence	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.