

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

2025 Second Round

September 30, 2025

Santa Cruz Veterans Village, located at 8705 Highway 9 in Ben Lomond, requested and is being recommended for a reservation of \$1,330,030 in annual federal tax credits to finance the new construction of 20 units of housing serving special needs tenants with rents affordable to households earning 30% of area median income (AMI). The project will be developed by Danco Communities and will be located in Senate District 17 and Assembly District 28.

The project will be receiving rental assistance in the form of HUD-VASH Project-based Vouchers. The project financing includes state funding from Project Homekey program of HCD.

Project Number CA-25-117

Project Name Santa Cruz Veterans Village
Site Address: 8705 Highway 9
Ben Lomond, CA 95005
County: Santa Cruz
Census Tract: 1203.02

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$1,330,030	\$0
Recommended:	\$1,330,030	\$0

Applicant Information

Applicant: Ben Lomond Highway 9 LP
Contact: Chris Dart
Address: 5251 Ericson Way
Arcata, CA 95521
Phone: (707) 822-9000
Email: cdart@danco-group.com

General Partners / Principal Owners: Ben Lomond Highway 9 LLC
Santa Cruz County Veterans Memorial Building Board of Trustees
Danco Communities
General Partner Type: Joint Venture
Parent Companies: Johnson & Johnson Investments, LLC
Santa Cruz County Veterans Memorial Building Board of Trustees
Danco Communities
Developer: Danco Communities
Investor/Consultant: Boston Financial
Management Agent: Danco Property Management

Project Information

Construction Type:	New Construction
Total # Residential Buildings:	21
Total # of Units:	21
No. & % of Tax Credit Units:	20 100%
Federal Set-Aside Elected:	40%/60%
Federal Subsidy:	HUD VASH Project-based Vouchers (15 Units - 71%)

Information

Set-Aside:	Rural
Housing Type:	Special Needs
Type of Special Needs:	Homeless
Average Targeted Affordability of Special Needs Project Units:	30.00%
% of Special Need Units:	20 units 100.00%
Geographic Area:	N/A
CTCAC Project Analyst:	Sopida Steinwert

55-Year Use / Affordability

Aggregate Targeting	Number of Units	Percent of Required Affordable Units
At or Below 30% AMI:	20	80%

Unit Mix

9	SRO/Studio Units
10	1-Bedroom Units
1	2-Bedroom Units
1	4-Bedroom Units
21	Total Units

Unit Type & Number	2025 Rents Targeted % of Area Median Income	Proposed Rent (including utilities)
4 SRO/Studio	30%	\$305
4 SRO/Studio	30%	\$1,038
10 1 Bedroom	30%	\$1,112
1 2 Bedrooms	30%	\$1,335
1 4 Bedrooms	30%	\$1,720
1 SRO/Studio	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$3,425,000
Construction Costs	\$9,420,152
Rehabilitation Costs	\$0
Construction Contingency	\$1,050,027
Relocation	\$0
Architectural/Engineering	\$950,000
Const. Interest, Perm. Financing	\$377,214
Legal Fees	\$115,000
Reserves	\$400,545
Other Costs	\$1,355,639
Developer Fee	\$1,971,380
Commercial Costs	\$0
Total	\$19,064,957

Residential

Construction Cost Per Square Foot:	\$790
Per Unit Cost:	\$907,855
True Cash Per Unit Cost*:	\$907,855

Construction Financing

Source	Amount
Citibank	\$9,641,421
HCD: Homekey	\$6,425,000
Tax Credit Equity	\$2,998,536

Permanent Financing

Source	Amount
Citibank	\$1,334,703
HCD: Homekey	\$6,425,000
Tax Credit Equity	\$11,305,254
TOTAL	\$19,064,957

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$11,367,777
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$14,778,110
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$1,330,030
Approved Developer Fee (in Project Cost & Eligible Basis):	\$1,971,380
Federal Tax Credit Factor:	\$0.85000

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:	Special Needs
Self-Score Final:	78.681%
CTCAC Final:	66.963%

Significant Information / Additional Conditions

Staff noted a per unit development cost of \$907,855. The applicant noted that the per unit cost is attributed to the project's topography, recent flooding, and increased construction costs.

The proposed rent does not include a utility allowance. The owner will pay for all utilities.

This project will include the new construction and installation of 10 modular units and the adaptive reuse of 9 existing cabin studio units, one two-bedroom cabin, and one four-bedroom house built in 1958, which operated as an inn/motel until 2022. Upon completion, the project will include 20 LIHTC units and 1 manager's unit.

Resyndication and Resyndication Transfer Event: None.

Local Reviewing Agency

The Local Reviewing Agency, County of Santa Cruz, 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 mile of a full-scale grocery/supermarket of at least 25,000 sf	5	5	5
Highest or High Resource Area	8	8	0
Service Amenities	10	10	10
SPECIAL NEEDS, SRO HOUSING TYPES			
Case Manager, minimum ratio of 1 FTE to 100 bedrooms	5	5	5
Service Coordinator/Other Services Specialist, min. ratio 1 FTE to 360 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
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.