

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

2026 Second Round

October 6, 2026

The Chestnut Apartments, located at 945 Chesnut Avenue in Carlsbad, requested and is being recommended for a reservation of \$794,260 in annual federal tax credits to finance the acquisition and rehabilitation of 15 units of housing serving tenants with rents affordable to households earning 30%-80% of area median income (AMI). The project will be developed by Kingdom Development, Inc. and is located in Senate District 38 and Assembly District 77.

The project is currently at-risk, but is being recommended for a reservation of tax credits that will preserve affordability for an additional 55 years.

Project Number CA-26-111

Project Name The Chestnut Apartments
Site Address: 945 Chesnut Avenue
Carlsbad, CA 92008
County: San Diego
Census Tract: 0179.02

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$794,260	\$0
Recommended:	\$794,260	\$0

Applicant Information

Applicant: Kingdom Development, Inc.
Contact: William Leach
Address: 6451 Box Springs Boulevard
Riverside, CA 92507
Phone: (951) 966-6935
Email: william@kingdomdevelopment.net

General Partner / Principal Owner: Kingdom Development, Inc.
General Partner Type: Nonprofit
Parent Company: Kingdom Development, Inc.
Developer: Kingdom Development, Inc.
Investor/Consultant: R4 Capital
Management Agents: Hyder Property Management Professionals

Project Information

Construction Type: Acquisition and Rehabilitation
Total # Residential Buildings: 3
Total # of Units: 16
No. & % of Tax Credit Units: 15 100%
Federal Set-Aside Elected: 40%/60% Average Income
Federal Subsidy: Community Development Block Grant (CDBG)

Information

Set-Aside: At-Risk
Housing Type: At-Risk
Geographic Area: San Diego County
CTCAC Project Analyst: Cynthia Compton

55-Year Use / Affordability

Aggregate Targeting	Number of Units	Percent of Required Affordable Units
At or Below 30% AMI:	3	20%
At or Below 40% AMI:	3	20%
At or Below 50% AMI:	4	25%
At or Below 60% AMI:	3	20%
At or Below 80% AMI:	2	10%

Unit Mix

4	1-Bedroom Units
12	2-Bedroom Units
16	Total Units

Unit Type & Number	2026 Rents Targeted % of Area Median Income	Proposed Rent (including utilities)
1 1 Bedroom	30%	\$930
1 1 Bedroom	40%	\$1,240
1 1 Bedroom	40%	\$1,240
1 2 Bedrooms	60%	\$1,900
1 2 Bedrooms	60%	\$1,900
1 2 Bedrooms	60%	\$1,900
1 2 Bedrooms	50%	\$1,861
1 2 Bedrooms	80%	\$1,900
1 2 Bedrooms	50%	\$1,861
1 2 Bedrooms	30%	\$1,117
1 2 Bedrooms	80%	\$1,900
1 2 Bedrooms	50%	\$1,861
1 2 Bedrooms	30%	\$1,117
1 2 Bedrooms	50%	\$1,861
1 2 Bedrooms	40%	\$1,489
1 1 Bedroom	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$8,360,000
Construction Costs	\$0
Rehabilitation Costs	\$4,440,066
Construction Contingency	\$677,943
Relocation	\$508,200
Architectural/Engineering	\$650,000
Const. Interest, Perm. Financing	\$469,766
Legal Fees	\$150,000
Reserves	\$61,785
Other Costs	\$249,770
Developer Fee	\$1,194,142
Commercial Costs	\$0
Total	\$16,761,672

Residential

Construction Cost Per Square Foot:	\$330
Per Unit Cost:	\$1,047,605
True Cash Per Unit Cost*:	\$521,969

Construction Financing

Source	Amount
Citibank	\$4,397,164
City of Carlsbad: Seller Carryback	\$8,360,000
City of Carlsbad	\$850,000
City of Carlsbad: CDBG	\$408,000
Deferred Costs	\$1,789,271
Net Operating Income	\$39,960
Tax Credit Equity	\$917,277

Permanent Financing

Source	Amount
Citibank	\$900,737
City of Carlsbad: Seller Carryback	\$8,360,000
City of Carlsbad	\$850,000
City of Carlsbad: CDBG	\$408,000
Net Operating Income	\$77,590
Deferred Developer Fee	\$50,162
Tax Credit Equity	\$6,115,183
TOTAL	\$16,761,672

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

Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation):	\$4,237,671
130% High Cost Adjustment:	Yes
Requested Eligible Basis (Acquisition):	\$7,461,300
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	\$5,508,972
Applicable Rate:	9.00%
Qualified Basis (Acquisition):	\$7,461,300
Applicable Rate:	4.00%
Maximum Annual Federal Credit, Rehabilitation:	\$495,808
Maximum Annual Federal Credit, Acquisition:	\$298,452
Total Maximum Annual Federal Credit:	\$794,260
Approved Developer Fee (in Project Cost & Eligible Basis):	\$1,194,142

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:	At-Risk
Self-Score Final:	72.483%
CTCAC Final:	72.483%

Significant Information / Additional Conditions: None.

Resyndication and Resyndication Transfer Event: None.

Local Reviewing Agency

The Local Reviewing Agency, Housing and Redevelopment Department, 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) 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 1/2 mile of transit station or public bus stop	4	4	4
Within 1/2 mile of public park or community center open to general public	3	3	3
Within 1/2 mile of public library	3	3	3
Within 1/2 mile of a full-scale grocery/supermarket of at least 25,000 sf	5	5	0
Within 1/2 mile of medical clinic or hospital	3	3	3
Within 1/2 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. 42 hrs/yr instruction	7	7	7
Health & wellness services and programs, minimum 60 hrs per 100 bdrms	3	3	3
SPECIAL NEEDS, SRO HOUSING TYPES			
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.