

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
2010 Second Round
September 22, 2010

Project Number CA-2010-171

Project Name Community of All Nations
Site Address: 2172 Dockery Court
Stockton, CA 95206 County: San Joaquin
Census Tract: 21.000

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$946,237	\$0
Recommended:	\$946,237	\$0

Applicant Information

Applicant: Eighth Street Housing LP
Contact: Richard Parker
Address: 315 N. San Joaquin St.
Stockton, CA 95202
Phone: (209) 466-6811 Fax: (209) 466-3465
Email: rparker@visionaryhomebuilders.org

General partner(s) or principal owner(s): Eighth Street Development LLC
General Partner Type: Nonprofit
Developer: Visionary Homebuilders of CA, Inc.
Investor/Consultant: California Housing Partnership Corporation
Management Agent: ConAm Property Management Corporation

Project Information

Construction Type: Rehabilitation Only
Total # Residential Buildings: 20
Total # of Units: 75
No. & % of Tax Credit Units: 73 99%
Federal Set-Aside Elected: 40%/60%
Federal Subsidy: HOME / Project Based Section 8 (73 units - 99%)
Affordability Breakdown by % (Lowest Income Points):
30% AMI: 10 %
35% AMI: 25 %
40% AMI: 20 %

Information

Set-Aside: N/A
 Housing Type: Large Family
 Geographic Area: Central Region
 TCAC Project Analyst: Vélia Martínez

Unit Mix

18 1-Bedroom Units
 34 2-Bedroom Units
 23 3-Bedroom Units

 75 Total Units

<u>Unit Type & Number</u>	<u>2010 Rents Targeted % of Area Median Income</u>	<u>2010 Rents Actual % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
1 1 Bedroom	30%	30%	\$355
6 1 Bedroom	35%	35%	\$414
2 1 Bedroom	40%	40%	\$473
9 1 Bedroom	60%	50%	\$591
4 2 Bedrooms	30%	30%	\$426
9 2 Bedrooms	35%	35%	\$497
8 2 Bedrooms	40%	40%	\$568
12 2 Bedrooms	60%	50%	\$710
3 3 Bedrooms	30%	30%	\$492
4 3 Bedrooms	35%	35%	\$574
5 3 Bedrooms	40%	40%	\$656
10 3 Bedrooms	60%	50%	\$820
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$0
1 3 Bedrooms	Market Rate	Market Rate	\$947

Project Financing

Estimated Total Project Cost: \$13,622,379 Construction Cost Per Square Foot: \$73
 Per Unit Cost: \$181,632

Construction Financing		Permanent Financing	
<u>Source</u>	<u>Amount</u>	<u>Source</u>	<u>Amount</u>
Union Bank / A Tranche	\$8,173,812	Union Bank / A Tranche	\$1,204,500
City of Stockton HOME / RDA	\$2,900,000	Union Bank / Section 8: B Tranche	\$1,630,100
City of Stockton RDA	\$857,000	City of Stockton HOME / RDA	\$2,900,000
City of Stockton Accrued Interest	\$100,747	City of Stockton RDA	\$857,000
Income from Operations	\$120,000	City of Stockton Accrued Interest	\$100,747
Investor Equity	\$690,753	Income from Operations	\$120,000
		Investor Equity	\$6,810,032
		TOTAL	\$13,622,379

Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation):	\$8,231,241
130% High Cost Adjustment:	Yes
Applicable Fraction:	98.25%
Qualified Basis (Rehabilitation):	\$10,513,748
Applicable Rate:	9.00%
Maximum Annual Federal Credit, Rehabilitation:	\$946,237
Approved Developer Fee (in Project Cost & Eligible Basis):	\$1,314,270
Investor/Consultant:	California Housing Partnership Corporation
Federal Tax Credit Factor:	\$0.71970

Per Regulation Section 10322(i)(4)(A), 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, will be used during all subsequent reviews including the placed in service review, for the purpose of determining the final award of Tax Credits.

Per Regulation Section 10327(c)(2)(C), Once established at the initial funded application, the developer fee cannot be increased, but may be decreased, in the event of a modification in basis.

Eligible Basis and Basis Limit

Requested Unadjusted Eligible Basis:	\$8,231,241
Actual Eligible Basis:	\$10,076,067
Unadjusted Threshold Basis Limit:	\$13,666,340
Total Adjusted Threshold Basis Limit:	\$13,666,340

Adjustments to Basis Limit: None.

Tie-Breaker Information

First:	Large Family
Second:	79.122%

Cost Analysis and Line Item Review

Staff analysis of project costs to determine reasonableness found all fees to be within TCAC’s underwriting guidelines and TCAC limitations. Annual operating expenses exceed the minimum operating expenses established in the Regulations, and the project pro forma shows a positive cash flow from year one. Staff has calculated federal tax credits based on 9.00% of the qualified basis, or, in the case of acquisition credit or credit combined with federal subsidies, 3.40%. Applicants are cautioned to consider the expected federal rate when negotiating with investors. TCAC's financial evaluation at project completion will determine the final allocation.

Special Issues/Other Significant Information: Adequate laundry facilities must be available on project premises, with no fewer than one washer/dryer per 10 units upon completion of the project prior to the issuance of federal and state tax forms.

Legal Status: Staff has reviewed the Applicant's responses to the questions contained in the Legal Status portion of the Application. No information was disclosed that raised any question regarding the financial viability or legal integrity of the applicant.

Local Reviewing Agency:

The Local Reviewing Agency, City of Stockton Economic Development Department, has completed a site review of this project and strongly supports this project.

Recommendation: Staff recommends that the Committee make a preliminary reservation of tax credits in the following amount(s) contingent upon standard conditions and any additional conditions imposed by the Committee:

Federal Tax Credits/Annual	State Tax Credits/Total
\$946,237	\$0

Standard Conditions

The applicant must submit all documentation required for a Carryover Allocation, any Readiness 150-Day Requirements elected, and a Final Reservation. Failure to provide the documentation at the time required may result in rescission of the Credit reservation and cancellation of a carryover allocation.

TCAC 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 TCAC.

The applicant must pay TCAC a performance deposit and allocation fee calculated in accordance with regulation. Additionally, TCAC 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 TCAC limitations. Fees in excess of these limitations will not be considered when determining the amount of credit when the project is placed-in-service.

The applicant/owner shall be subject to underwriting criteria set forth in Section 10327 of the regulations through the final feasibility analysis performed by TCAC 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 TCAC 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 ten years and at no cost to the tenants. Applicants that received points for sustainable building methods (energy efficiency) must submit the certification required by Section 10325(c)(6) at project completion. 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.

Additional Conditions: None

Points System	Max. Possible Points	Requested Points	Points Awarded
Cost Efficiency / Credit Reduction / Public Funds	20	20	20
Public Funds	20	20	20
Owner / Management Characteristics	9	9	9
General Partner Experience	6	6	6
Management Experience	3	3	3
Housing Needs	10	10	10
Site Amenities	15	15	15
Within 500 ft of regular bus stop (or dial-a-ride service for rural set-aside)	4	4	4
Within ½ mile of public park or community center open to general public	2	2	2
Within ¼ mile of public library	3	3	3
Within ½ mile of a neighborhood market of at least 5,000 sf	3	3	3
Large Family proj. w/i ¼ mile of public school project children may attend	3	3	3
Within ½ mile of a pharmacy	1	1	0
Service Amenities	10	10	10
Service Coordinator, minimum ratio of 1 FTE to 600 bedrooms	5	5	5
After school program for school age children, minimum of 10 hours/week	5	5	5
Sustainable Building Methods	8	8	8
Rehabilitation, not subject to Title 24, w/75% fluorescent or comparable	2	2	2
Energy star rated ceiling fans in bedroom/living room; whole house fan	2	2	2
Minimum 1 High Efficiency Toilet (1.3 gpf) or dual flush	2	2	2
Bathroom fans in all bathrooms w/humidistat, timer and outdoor exhaust	2	2	2
Lowest Income	52	52	52
Basic Targeting	50	50	50
Deeper Targeting – at least 10% of units @ 30% AMI or less	2	2	2
Readiness to Proceed	20	20	20
State Credit Substitution	2	2	2
Total Points	146	146	146

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.