

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

2018 Second Round

September 19, 2018

Oak Leaf Meadows, located at 1135 East J Street & 636 Pedersen Road in Oakdale, requested and is being recommended for a reservation of \$1,337,715 in annual federal tax credits and \$4,459,050 in total state tax credits to finance the new construction of 55 units of housing serving large families with rents affordable to households earning 30%-55% of area median income (AMI). The project will be developed by Visionary Home Builders of California, Inc. and will be located in Senate District 8 and Assembly District 12.

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

Project Number CA-18-074

Project Name Oak Leaf Meadows
Site Address: 1135 East J Street & 636 Pedersen Road
Oakdale, CA 95361 County: Stanislaus
Census Tract: 2.030

Tax Credit Amounts	Federal/Annual	State/Total *
Requested:	\$1,337,715	\$4,459,050
Recommended:	\$1,337,715	\$4,459,050

* The applicant made an irrevocable election not to sell (Certificate) any portion of the state credits.

Applicant Information

Applicant: Visionary Home Builders of California
Contact: Carol J. Ornelas
Address: 315 N. San Joaquin Street
Stockton, CA 95202
Phone: 209-466-6811
Email: cjornelas@visionaryhomebuilders.org

General Partner(s) / Principal Owner(s): Visionary Home Builders of California, Inc.
Great Valley Housing Development Corporation
General Partner Type: Nonprofit
Parent Company(ies): Visionary Home Builders of California, Inc.
Great Valley Housing Development Corporation
Developer: Visionary Home Builders of California, Inc.
Investor/Consultant: California Housing Partnership Corporation
Management Agent(s): Eden Housing Management, Inc.

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 5
 Total # of Units: 56
 No. & % of Tax Credit Units: 55 100%
 Federal Set-Aside Elected: 40%/60%
 Federal Subsidy: HUD Section 8 Project-based Vouchers (55 Units - 100%) / HUD Neighborhood Stabilization Program (NSP)

Information

Set-Aside: Rural
 Housing Type: Large Family
 Geographic Area: N/A
 TCAC Project Analyst: Carmen Doonan

55-Year Use / Affordability

Aggregate Targeting Number of Units	Percentage of Affordable Units
At or Below 30% AMI: 6	10%
At or Below 45% AMI: 9	15%
At or Below 50% AMI (Rural): 19	30%
At or Below 55% AMI (Rural): 21	35%

Unit Mix

38 2-Bedroom Units
 18 3-Bedroom Units

 56 Total Units

Unit Type & Number	2018 Rents Targeted % of Area Median Income	2018 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
4 2 Bedrooms	30%	30%	\$410
2 3 Bedrooms	30%	30%	\$473
8 2 Bedrooms	45%	45%	\$615
1 3 Bedrooms	45%	45%	\$710
15 2 Bedrooms	50%	50%	\$683
4 3 Bedrooms	50%	50%	\$789
11 2 Bedrooms	55%	55%	\$751
10 3 Bedrooms	55%	55%	\$868
1 3 Bedrooms	Manager's Unit	Manager's Unit	\$0

TCAC-confirmed Projected Lifetime Rent Benefit: \$13,910,820

Project Cost Summary at Application

Land and Acquisition	\$1,699,289
Construction Costs	\$12,725,774
Rehabilitation Costs	\$0
Construction Contingency	\$1,354,506
Relocation	\$0
Architectural/Engineering	\$706,500
Const. Interest, Perm. Financing	\$1,138,600
Legal Fees, Appraisals	\$125,000
Reserves	\$242,577
Other Costs	\$2,249,967
Developer Fee	\$2,200,000
Commercial Costs	\$0
Total	\$22,442,213

Residential

Construction Cost Per Square Foot:	\$184
Per Unit Cost:	\$400,754
True Cash Per Unit Cost*:	\$400,754

Construction Financing

Source	Amount
BBVA Compass	\$15,080,000
HACS ¹ - Ground Lease	\$840,000
HACS ¹ - NSP	\$3,000,000
Deferred Costs	\$975,420
Tax Credit Equity	\$2,546,793

Permanent Financing

Source	Amount
BBVA Compass	\$3,254,900
HACS ¹ - Ground Lease	\$840,000
HACS ¹ - NSP	\$3,000,000
Tax Credit Equity	\$15,347,313
TOTAL	\$22,442,213

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

¹Housing Authority of the County of Stanislaus

Determination of Credit Amount(s)

Requested Eligible Basis:	\$14,863,501
130% High Cost Adjustment:	No
Applicable Fraction:	100.00%
Qualified Basis:	\$14,863,501
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$1,337,715
Total State Credit:	\$4,459,050
Approved Developer Fee in Project Cost:	\$2,200,000
Approved Developer Fee in Eligible Basis:	\$1,400,000
Investor/Consultant:	California Housing Partnership Corporation
Federal Tax Credit Factor:	\$0.90731
State Tax Credit Factor:	\$0.71990

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.

Eligible Basis and Basis Limit

Requested Unadjusted Eligible Basis:	\$14,863,501
Actual Eligible Basis:	\$20,104,492
Unadjusted Threshold Basis Limit:	\$16,700,544
Total Adjusted Threshold Basis Limit:	\$21,804,031

Adjustments to Basis Limit

- Required to Pay State or Federal Prevailing Wages/Financed by labor-affiliated organization employing construction workers paid at least state or federal prevailing wages
- Day Care Center
- Local Development Impact Fees

Tie-Breaker Information

First:	Large Family
Final:	35.964%

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 9.0% of the qualified basis, or, in the case of acquisition credit or credit combined with federal subsidies, 3.25%. 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.

Significant Information / Additional Conditions: None.

Resyndication and Resyndication Transfer Event: None.

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 Oakdale, 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.

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 fifteen 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)(5) 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.

Points System	Max. Possible Points	Requested Points	Points Awarded
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 ½ mile of transit (van or dial-a-ride service for rural set-aside)	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
Within 1.5 miles of medical clinic or hospital	2	2	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
Licensed child care, available 20 hrs/week or more, M-F	5	5	5
Sustainable Building Methods	5	5	5
NEW CONSTRUCTION/ADAPTIVE REUSE			
Develop project in accordance w/ requirements: GreenPoint Rated Program	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	113	113	113

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.