

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
April 14, 2020

Grand View Village, located at 228, 240, and 250 N. Hunter Street and 241 N. San Joaquin Street in Stockton, requested and is being recommended for a reservation of \$1,304,892 in annual federal tax credits and \$9,294,095 in total state tax credits to finance the new construction of 74 units of housing serving large families with rents affordable to households earning 30-80% of area median income (AMI). The project will be developed by Visionary Home Builders of California and will be located in Senate District 5 and Assembly District 13.

The project financing includes state funding from the SGC-AHSC program of HCD.

Project Number CA-20-574

Project Name Grand View Village
 Site Address: 228, 240, 250 N. Hunter Street and 241 N. San Joaquin Street
 Stockton, CA 95202 County: San Joaquin
 Census Tract: 0001-00

Tax Credit Amounts	Federal/Annual	State/Total *
Requested:	\$1,304,892	\$9,294,095
Recommended:	\$1,304,892	\$9,294,095

* The applicant made an election to sell (Certificate) all or any portion of the state credits.

Applicant Information

Applicant: VCOR LIMITED PARTNERSHIP
 Contact: Jennifer Magud
 Address: 315 N. San Joaquin Street
 Stockton, CA 95202
 Phone: 209-461-2104
 Email: dev@visionaryhomebuilders.org

General Partner(s) or Principal Owner(s): Visionary Home Builders of California, Inc.
 Ten Space, Inc.
 General Partner Type: Joint Venture
 Parent Company(ies): Visionary Home Builders of California, Inc.
 Ten Space, Inc.
 Developer: Visionary Home Builders of California, Inc.
 Investor/Consultant: California Housing Partnership
 Management Agent: Visionary Property Management

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 1
 Total # of Units: 75
 No. / % of Low Income Units: 74 100.00%
 Federal Set-Aside Elected: 40%/60% Average Income
 Federal Subsidy: Tax-Exempt / CDBG
 Utility Allowance: CUAC

Bond Information

Issuer: California Municipal Finance Authority
 Expected Date of Issuance: March 1, 2020

Information

Housing Type: Large Family
 Geographic Area: Central Valley Region
 TCAC Project Analyst: Tiffani Negrete

55-Year Use / Affordability

<u>Aggregate Targeting Number of Units</u>	<u>Percentage of Affordable Units</u>
30% AMI: 7	9%
50% AMI: 39	53%
60% AMI: 16	22%
80% AMI: 12	16%

Unit Mix

12 1-Bedroom Units
 39 2-Bedroom Units
24 3-Bedroom Units
 75 Total Units

<u>Unit Type & Number</u>	<u>2019 Rents Targeted % of Area Median Income</u>	<u>2019 Rents Actual % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
1 1 Bedroom	30%	30%	\$394
3 2 Bedrooms	30%	30%	\$472
3 3 Bedrooms	30%	30%	\$546
3 1 Bedroom	50%	45%	\$590
8 2 Bedrooms	50%	45%	\$708
5 3 Bedrooms	50%	45%	\$819
3 1 Bedroom	50%	50%	\$656
12 2 Bedrooms	50%	50%	\$787
8 3 Bedrooms	50%	50%	\$910
5 1 Bedroom	60%	60%	\$787
7 2 Bedrooms	60%	60%	\$944
4 3 Bedrooms	60%	60%	\$1,092
8 2 Bedrooms	80%	61%	\$961
4 3 Bedrooms	80%	76%	\$1,384
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$3,134,591
Construction Costs	\$22,626,484
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$1,459,210
Soft Cost Contingency	\$163,743
Relocation	\$0
Architectural/Engineering	\$500,869
Const. Interest, Perm. Financing	\$2,399,604
Legal Fees	\$31,874
Reserves	\$255,842
Other Costs	\$1,674,827
Developer Fee	\$3,391,758
Commercial Costs	\$1,580,728
Total	\$37,219,530

Residential

Construction Cost Per Square Foot:	\$259
Per Unit Cost:	\$475,184
True Cash Per Unit Cost*:	\$448,002

Construction Financing

Source	Amount
Banner Bank - T.E. Bonds	\$19,922,648
Banner Bank	\$8,791,015
City of Stockton - CDBG	\$2,467,547
HCD - AHSC Grant	\$700,000
Accrued Interest	\$61,800
Deferred Costs	\$1,221,213
Deferred Developer Fee	\$2,129,087
General Partner Equity	\$100
Tax Credit Equity	\$1,926,120

Permanent Financing

Source	Amount
Banner Bank - T.E. Bonds	\$2,535,800
City of Stockton - CDBG	\$2,467,547
HCD - AHSC Loan	\$9,200,000
HCD - AHSC Grant	\$700,000
Accrued Interest	\$61,800
Deferred Developer Fee	\$2,129,087
General Partner Equity	\$100
Tax Credit Equity	\$20,125,196
TOTAL	\$37,219,530

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$30,980,333
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$40,274,433
Applicable Rate:	3.24%
Total Maximum Annual Federal Credit:	\$1,304,892
Total State Credit:	\$9,294,095
Approved Developer Fee (in Project Cost & Eligible Basis):	\$3,391,758
Investor/Consultant:	California Housing Partnership
Federal Tax Credit Factor:	\$0.97249
State Tax Credit Factor:	\$0.80000

Except as allowed for projects basing cost on assumed third party debt, the “as if vacant” land value and the existing improvement value established at application for all projects, 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. 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:	\$30,980,333
Actual Eligible Basis:	\$30,980,333
Unadjusted Threshold Basis Limit:	\$28,935,420
Total Adjusted Threshold Basis Limit:	\$51,228,927

Adjustments to Basis Limit

- Day Care Center
- Local Development Impact Fees
- 95% of Upper Floor Units are Elevator-Serviced
- 55-Year Use/Affordability Restriction – 1% for Each 1% of Low-Income and Market Rate Units are Income Targeted between 50% AMI & 36% AMI: 47%
- 55-Year Use/Affordability Restriction – 2% for Each 1% of Low-Income and Market Rate Units are Income Targeted at 35% AMI or Below: 16%

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 meet or 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 3.24% of the qualified basis. 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

The applicant has requested the use of a CUAC utility allowance. TCAC staff is in the process of reviewing the CUAC documentation for this existing project. Until written approval is received from TCAC, this project is not eligible to use a utility allowance based on the CUAC.

Resyndication and Resyndication Transfer Event: None.

Standard Conditions

If applicant is receiving tax-exempt bond financing from other than CalHFA, the applicant shall apply for a bond allocation from the California Debt Limit Allocation Committee’s next scheduled meeting, if not previously granted an allocation; shall have received an allocation from CDLAC; and, shall issue bonds within time limits specified by CDLAC.

The applicant anticipates financing more than 50% of the project aggregate basis with tax-exempt bond proceeds as calculated by the project tax professional. Therefore, the federal credit reserved for this project will not count against the annual ceiling.

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.

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 reservation 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.

CDLAC Additional Conditions

The applicant/owner is required to comply with the CDLAC Resolution. At the time of the TCAC placed in service review, TCAC staff will verify that the project is in compliance with all applicable items of CDLAC Resolution Exhibit A.