

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
2017 First Round
June 7, 2017
REVISED

Sierra Vista I Apartments, located at Twelfth Street, Belleview Street, and Viva Plaza in Stockton, requested and is being recommended for a reservation of 2,430,801 in annual federal tax credits to finance the new construction of 114 units of housing serving large families with rents affordable to households earning 30-50% of area median income (AMI). The project will be developed by Central California Housing Corporation and will be located in Senate District 5 and Assembly District 13.

The project will be receiving rental assistance in the form of HUD Section 8 Project-based Vouchers and Low-Income Public Housing (LIPH) subsidies.

Project Number CA-17-053

Project Name Sierra Vista I Apartments
Site Address: Twelfth Street, Belleview Street, and Viva Plaza
Stockton, CA 95206 County: San Joaquin
Census Tract: 22.020

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$2,430,801	\$0
Recommended:	\$2,430,801	\$0

Applicant Information

Applicant: Central California Housing Corporation
Contact: Laurie Doyle
Address: 3128 Willow Avenue, Suite 101
Clovis, CA 93612
Phone: 559-292-9212
Email: Ldoyle@ahdcinc.com

General Partner(s) / Principal Owner(s): Central California Housing Corporation
Villa Real, Inc.

General Partner Type: Joint Venture

Parent Company(ies): Central California Housing Corporation
Villa Real, Inc.

Developer: Central California Housing Corporation

Investor/Consultant: California Housing Partnership Corporation

Management Agent(s): Winn Residential

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 18
 Total # of Units: 115
 No. & % of Tax Credit Units: 114 100%
 Federal Set-Aside Elected: 40%/60%
 Federal Subsidy: HUD Project Based Vouchers (82 units / 71%) and
 Affordability Breakdown by Units and % (Lowest Income Points):
 30% AMI: 18 15 %
 40% AMI: 23 20 %
 50% AMI: 73 40 %

Information

Set-Aside: N/A
 Housing Type: Large Family
 Geographic Area: Central Valley Region
 TCAC Project Analyst: Marlene McDonough

Unit Mix

25 1-Bedroom Units
 36 2-Bedroom Units
 39 3-Bedroom Units
 15 4-Bedroom Units

 115 Total Units

<u>Unit Type & Number</u>	<u>2016 Rents Targeted % of Area Median Income</u>	<u>2016 Rents Actual % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
4 1 Bedroom	30%	30%	\$331
5 2 Bedrooms	30%	30%	\$397
7 3 Bedrooms	30%	30%	\$459
2 4 Bedrooms	30%	30%	\$513
1 1 Bedroom	40%	40%	\$442
5 2 Bedrooms	40%	40%	\$530
8 3 Bedrooms	40%	40%	\$613
3 1 Bedroom	40%	40%	\$442
2 2 Bedrooms	40%	40%	\$530
2 3 Bedrooms	40%	40%	\$613
2 4 Bedrooms	40%	40%	\$684
17 1 Bedroom	50%	50%	\$553
24 2 Bedrooms	50%	50%	\$663
21 3 Bedrooms	50%	50%	\$766
11 4 Bedrooms	50%	50%	\$855
1 3 Bedrooms	Manager's Unit	Manager's Unit	\$0

Lifetime Rent Benefit: \$33,640,332

Project Cost Summary at Application

Land and Acquisition	\$3,760,716
Construction Costs	\$19,849,811
Rehabilitation Costs	\$0
Construction Contingency	\$1,042,176
Relocation	\$320,000
Architectural/Engineering	\$800,000
Const. Interest, Perm. Financing	\$1,949,586
Legal Fees, Appraisals	\$200,000
Reserves	\$372,582
Other Costs	\$2,687,141
Developer Fee	\$2,930,719
Commercial Costs	\$0
Total	\$33,912,731

Project Financing

Estimated Total Project Cost:	\$33,912,731
Estimated Residential Project Cost:	\$33,912,731
Estimated Commercial Project Cost:	\$0

Residential

Construction Cost Per Square Foot:	\$178
Per Unit Cost:	\$294,893
True Cash Per Unit Cost*:	\$268,846

Construction Financing

Source	Amount
Rabobank, N.A.	\$24,500,000
**HACSJ Seller Land Loan	\$2,767,000
**HACSJ Gap Loan	\$2,400,000
Deferred Costs	\$1,980,830
Deferred Developer Fee	\$228,475
Tax Credit Equity	\$2,036,426

Permanent Financing

Source	Amount
Rabobank, N.A. - Loan A	\$190,000
Rabobank, N.A. - Tranche B	\$6,658,000
**HACSJ Seller Carryback Loan	\$2,767,000
**HACSJ Gap Loan	\$2,400,000
Deferred Developer Fee	\$228,475
Tax Credit Equity	\$21,669,256
TOTAL	\$33,912,731

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

**Housing Authority of the County of San Joaquin

Determination of Credit Amount(s)

Requested Eligible Basis:	\$20,776,076
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$27,008,899
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$2,430,801
Approved Developer Fee in Project Cost:	\$2,930,719
Approved Developer Fee in Eligible Basis:	\$1,400,000
Investor/Consultant:	California Housing Partnership Corporation
Federal Tax Credit Factor:	\$0.89145

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:	\$20,776,076
Actual Eligible Basis:	\$26,936,076
Unadjusted Threshold Basis Limit:	\$32,367,246
Total Adjusted Threshold Basis Limit:	\$40,332,223

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
Local Development Impact Fees

Tie-Breaker Information

First:	Large Family
Final:	53.224%

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, 3.23%. Applicants are cautioned to consider the expected federal rate when negotiating with investors. TCAC’s financial evaluation at project completion will determine the

Special Issues/Other Significant Information

The project has project-based Section 8 vouchers for 82 units from the Housing Authority of the County of San Joaquin and an operating subsidy on 32 units from the County of San Joaquin Low-Income Public Housing (LIPH).

In the placed in service package, the applicant must demonstrate compliance with TCAC regulation section 10327(c)(10), basis related to parking. This includes number of parking spaces, a calculation of the applicable ratio, transit stop information, and documentation from a CPA of any required basis reduction in the final cost certification.

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, The City of Stockton, 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
\$2,430,801	\$0

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)(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 ¼ mile of transit (van 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	3	3	3
Within 1 mile of public library	2	2	2
Within 1 mile of a full-scale grocery/supermarket of at least 25,000 sf	4	4	4
Within 1/4 mile of public Elementary School within attendance boundary	3	3	3
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
After school program for school age children, minimum of 10 hours/week	5	5	5
Sustainable Building Methods	5	5	5
NEW CONSTRUCTION/ADAPTIVE REUSE			
Renewable energy providing percentage of tenants' energy loads: 40%	5	5	5
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	15	15	15
Miscellaneous Federal and State Policies	2	2	2
State Credit Substitution	2	2	2
Total Points	138	138	138

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.