

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
2015 First Round
June 10, 2015

Project Number CA-15-018

Project Name Mountain View Townhomes
 Site Address: 377 West Mt. Diablo Avenue
 Tracy, CA 95376 County: San Joaquin
 Census Tract: 54.060

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$351,435	\$1,371,010
Recommended:	\$351,435	\$1,371,010

Applicant Information

Applicant: Sutterville SJC Holding Company, LLC
 Contact: Carol J. Ornelas
 Address: 315 North San Joaquin Street
 Stockton, CA 95202
 Phone: 209-466-6811 Fax: 209-466-3465
 Email: cjornelas@visionaryhomebuilders.org

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

Project Information

Construction Type: Rehabilitation-Only
 Total # Residential Buildings: 6
 Total # of Units: 37
 No. & % of Tax Credit Units: 36 100%
 Federal Set-Aside Elected: 40%/60%
 Federal Subsidy: HOME
 Affordability Breakdown by Units and % (Lowest Income Points):

30% AMI:	4	10 %
40% AMI:	8	20 %
50% AMI:	15	40 %

Information

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

Unit Mix

11 2-Bedroom Units
 14 3-Bedroom Units
 12 4-Bedroom Units

 37 Total Units

<u>Unit Type & Number</u>	<u>2014 Rents Targeted % of Area Median Income</u>	<u>2014 Rents Actual % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
1 2 Bedrooms	30%	30%	\$405
1 3 Bedrooms	30%	30%	\$467
2 4 Bedrooms	30%	30%	\$521
4 2 Bedrooms	40%	40%	\$540
3 3 Bedrooms	40%	40%	\$622
1 4 Bedrooms	40%	37%	\$642
3 2 Bedrooms	50%	50%	\$675
6 3 Bedrooms	50%	50%	\$778
6 4 Bedrooms	50%	50%	\$868
2 2 Bedrooms	60%	56%	\$758
4 3 Bedrooms	60%	57%	\$882
3 4 Bedrooms	60%	58%	\$1,000
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$2,442,722
Construction Costs	\$0
Rehabilitation Costs	\$2,275,253
Construction Contingency	\$227,525
Relocation	\$571,041
Architectural/Engineering	\$165,000
Construction Interest, Perm Financing	\$466,185
Legal Fees, Appraisals	\$67,000
Reserves	\$65,554
Other Costs	\$337,394
Developer Fee	\$596,091
Commercial Costs	\$0
Total	\$7,213,765

Project Financing

Estimated Total Project Cost:	\$7,213,765
Estimated Residential Project Cost:	\$7,213,765

Residential

Construction Cost Per Square Foot:	\$49
Per Unit Cost:	\$194,967

Construction Financing

Source	Amount
Bank of America	\$3,840,858
San Joaquin County - HOME	\$740,000
San Joaquin County - Accrued Interest	\$407,877
City of Tracy - RDA	\$609,000
City of Tracy - Accrued Interest	\$324,595
Deferred Costs	\$322,325
Deferred Developer Fee	\$199,401
Tax credit equity	\$769,709

Permanent Financing

Source	Amount
Bank of America	\$673,100
San Joaquin County - HOME	\$740,000
San Joaquin County - Accrued Interest	\$407,877
City of Tracy - RDA	\$609,000
City of Tracy - Accrued Interest	\$324,595
Deferred Developer Fee	\$199,401
Tax Credit Equity	\$4,259,792
TOTAL	\$7,213,765

Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation):	\$4,570,032
130% High Cost Adjustment:	No
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	\$4,570,032
Applicable Rate:	7.69%
Maximum Annual Federal Credit, Rehabilitation:	\$351,435
Total State Credit:	\$1,371,010
Approved Developer Fee (in Project Cost & Eligible Basis):	\$596,091
Investor/Consultant:	California Housing Partnership Corporation
Federal Tax Credit Factor:	\$0.95980
State Tax Credit Factor:	\$0.64676

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:	\$4,570,032
Actual Eligible Basis:	\$4,570,032
Unadjusted Threshold Basis Limit:	\$8,874,972
Total Adjusted Threshold Basis Limit:	\$8,874,972

Adjustments to Basis Limit: None.

Tie-Breaker Information

First:	Large Family
Second:	30.917%

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 7.69% of the qualified basis, or, in the case of acquisition credit or credit combined with federal subsidies, 3.30%. 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: This project is a re-syndication of an existing Low Income Housing Tax Credit (LIHTC) project, Mountain View Homes (CA-95-104).

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 has not yet completed a site review of this project. Any negative comments in the LRA report will cause this staff report to be revised to reflect such comments.

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
\$351,435	\$1,371,010

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 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
Cost Efficiency	20	2	2
Public Funds	20	18	18
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 1/3 mile of a regular bus stop or rapid transit system stop	3	3	3
Within 1/2 mile of public park or community center open to general public	2	2	2
Within 1/2 mile of a full-scale grocery/supermarket of at least 25,000 sf	4	4	4
Within 1/4 mile of a public elementary school	3	3	3
Within 1 mile of medical clinic or hospital	2	2	2
Within 1/2 mile of a pharmacy	1	1	1
Service Amenities	10	10	10
LARGE FAMILY, SENIOR, AT-RISK HOUSING TYPES			
Licensed child care, available 20 hrs/week or more, M-F	5	5	5
After school program for school age children, minimum of 10 hours/week	5	5	5
Sustainable Building Methods	10	10	10
REHABILITATION			
Rehabilitate to improve energy efficiency (change in HERS II rating): 30%	10	10	10
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
Miscellaneous Federal and State Policies	2	2	2
State Credit Substitution	2	2	2
Total Points	148	148	148

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.