

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

**Project Number** CA-15-056

**Project Name** Zettie Miller's Haven  
 Site Address: 1545 Rosemarie Lane  
 Stockton, CA 95207 County: San Joaquin  
 Census Tract: 31.130

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total</b>
Requested:	\$1,230,184	\$3,689,177
Recommended:	\$1,230,184	\$3,689,177

**Applicant Information**

Applicant: Zettie Miller's Haven, L.P.  
 Contact: Vernell Hill, Jr.  
 Address: 102 W. Bianchi Road  
 Stockton, CA 95207  
 Phone: 209.644.4821 Fax: 209.644.4830  
 Email: vhill@servicefirstnc.org

General Partner(s) / Principal Owner(s): Central Valley Coalition for Affordable Housing  
 Service First of Northern California  
 Community Housing Development Group, LLC  
 General Partner Type: Joint Venture  
 Parent Company(ies): Central Valley Coalition for Affordable Housing  
 Service First of Northern California  
 Community Housing Development Group, LLC  
 Developer: Community Housing Development Group, LLC  
 Investor/Consultant: Alliant Capital  
 Management Agent(s): Buckingham Property Management

**Project Information**

Construction Type: New Construction  
 Total # Residential Buildings: 7  
 Total # of Units: 82  
 No. & % of Tax Credit Units: 81 100%  
 Federal Set-Aside Elected: 40%/60%  
 Federal Subsidy: HOME  
 Average Targeted Affordability of Special Needs/SRO Project Units: 31%  
 Affordability Breakdown by Units and % (Lowest Income Points):

30% AMI:	41	50 %
35% AMI:	21	25 %
50% AMI:	19	20 %

**Information**

Set-Aside: Special Needs  
 Housing Type: Special Needs  
 Type of Special Needs: Homeless/formerly homeless and persons with physical, mental, developmental disabilities  
 % of Special Need Units: 62 units 76.5%  
 Geographic Area: Central Valley Region  
 TCAC Project Analyst: Connie Harina

**Unit Mix**

78 1-Bedroom Units  
 4 2-Bedroom Units  


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 82 Total Units

<u>Unit Type &amp; 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>
20 1 Bedroom	30%	23%	\$263
20 1 Bedroom	30%	30%	\$337
1 2 Bedrooms	30%	30%	\$405
21 1 Bedroom	35%	35%	\$393
16 1 Bedroom	50%	50%	\$562
3 2 Bedrooms	50%	50%	\$675
1 1 Bedroom	Manager's Unit	Manager's Unit	\$0

**Project Cost Summary at Application**

Land and Acquisition	\$937,320
Construction Costs	\$11,918,676
Rehabilitation Costs	\$0
Construction Contingency	\$882,059
Relocation	\$0
Architectural/Engineering	\$782,500
Construction Interest, Perm Financing	\$806,815
Legal Fees, Appraisals	\$145,000
Reserves	\$2,239,613
Other Costs	\$2,722,653
Developer Fee	\$1,400,000
Commercial Costs	\$0
<b>Total</b>	<b>\$21,834,636</b>

**Project Financing**

Estimated Total Project Cost:	\$21,834,636
Estimated Residential Project Cost:	\$21,834,636

**Residential**

Construction Cost Per Square Foot:	\$209
Per Unit Cost:	\$266,276

**Construction Financing**

Source	Amount
Bank of the West	\$10,002,572
San Joaquin County - MHSA	\$2,000,000
City of Stockton - HOME / RDA	\$1,900,000
City of Stockton - Fee Waiver	\$450,576
HCD - IIG	\$2,009,935
Costs deferred to perm closing	\$3,361,184
Tax Credit Equity	\$2,110,369

**Permanent Financing**

Source	Amount
San Joaquin County - MHSA	\$2,000,000
City of Stockton - HOME / RDA	\$1,900,000
City of Stockton - Fee Waiver	\$450,576
HCD - IIG	\$2,009,935
AHP	\$810,000
Tax Credit Equity	\$14,664,125
<b>TOTAL</b>	<b>\$21,834,636</b>

**Determination of Credit Amount(s)**

Requested Eligible Basis:	\$12,305,527
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$15,997,185
Applicable Rate:	7.69%
Maximum Annual Federal Credit:	\$1,230,184
Total State Credit:	\$3,689,177
Approved Developer Fee (in Project Cost & Eligible Basis):	\$1,400,000
Investor/Consultant:	Alliant Capital
Federal Tax Credit Factor:	\$0.99710
State Tax Credit Factor:	\$0.65000

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:	\$12,305,527
Actual Eligible Basis:	\$18,255,974
Unadjusted Threshold Basis Limit:	\$13,238,018
Total Adjusted Threshold Basis Limit:	\$18,710,874

**Adjustments to Basis Limit:**

- Required to Pay Prevailing Wages
- Local Development Impact Fees
- 95% of Upper Floor Units are Elevator-Serviced

**Tie-Breaker Information**

First: **Special Needs**  
Second: **45.390%**

**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 are below 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’s annual per unit operating expense total is below the TCAC published per unit operating expense minimums of \$4,300. As allowed by Regulation Section 10327(g)(1), TCAC approves an annual per unit operating expense total of \$3,655 on agreement of the permanent lender and equity investor.

The project has a capitalized operating subsidy from MHSA for 20 units for 20 years, as well as a capitalized rent/operating reserve for 42 units. The reserve will be held by CalHFA and will be used to ensure breakeven cash flow.

**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 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:

<b>Federal Tax Credits/Annual</b>	<b>State Tax Credits/Total</b>
<b>\$1,230,184</b>	<b>\$3,689,177</b>

**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.

<b>Points System</b>	<b>Max. Possible Points</b>	<b>Requested Points</b>	<b>Points Awarded</b>
<b>Cost Efficiency / Credit Reduction / Public Funds</b>	<b>20</b>	<b>20</b>	<b>20</b>
Public Funds	20	20	20
<b>Owner / Management Characteristics</b>	<b>9</b>	<b>9</b>	<b>9</b>
General Partner Experience	6	6	6
Management Experience	3	3	3
<b>Housing Needs</b>	<b>10</b>	<b>10</b>	<b>10</b>
<b>Site Amenities</b>	<b>15</b>	<b>15</b>	<b>15</b>
Within ¼ mile of regular bus stop (or dial-a-ride service for rural set-aside)	4	4	4
Within 1.5 miles of a full-scale grocery/supermarket of at least 25,000 sf	3	3	3
Special Needs/SRO project within 1 mile of facility serving tenant pop.	2	2	2
Within 1 mile of medical clinic or hospital	2	2	2
Within ¼ mile of a pharmacy	2	2	2
In-unit high speed internet service	2	2	2
<b>Service Amenities</b>	<b>10</b>	<b>10</b>	<b>10</b>
<b>SPECIAL NEEDS AND SRO HOUSING TYPES</b>			
Service Coordinator/Other Services Specialist, min. ratio 1 FTE to 360 bdrms	5	5	5
Health/behavioral services provided by licensed org. or individual	5	5	5
<b>Sustainable Building Methods</b>	<b>10</b>	<b>10</b>	<b>10</b>
<b>NEW CONSTRUCTION/ADAPTIVE REUSE</b>			
Develop project in accordance w/ requirements of: GreenPoint Rated	5	5	5
Develop project to requirements of: Gold	5	5	5
<b>Lowest Income</b>	<b>52</b>	<b>52</b>	<b>52</b>
Basic Targeting	50	50	50
Deeper Targeting – at least 10% of units @ 30% AMI or less	2	2	2
<b>Readiness to Proceed</b>	<b>20</b>	<b>20</b>	<b>20</b>
<b>Miscellaneous Federal and State Policies</b>	<b>2</b>	<b>2</b>	<b>2</b>
State Credit Substitution	2	2	2
<b>Total Points</b>	<b>148</b>	<b>148</b>	<b>148</b>

**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.**