

**CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
 CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
 Project Staff Report
 Qualified Private Activity Tax-Exempt Bond Project
 August 6, 2024**

La Passeggiata, located at 622 East Lindsay & 601 East Miner in Stockton on a 0.84 acre site, requested and is being recommended for a reservation of \$3,485,653 in annual federal tax credits and \$36,867,534 of tax-exempt bond cap to finance the new construction of 94 units of housing, consisting of 93 restricted rental units and 1 unrestricted manager's unit. The project will have 36 one-bedroom units, 23 two-bedroom units, and 35 three-bedroom units, serving families with rents affordable to households earning 30%-50% of area median income (AMI). The building will be 4 stories and Type I construction. Common amenities include community room, playground, management offices, computer room, business center, Head Start Day Care, secured entry, elevators, and parking. Each unit will have central heat and air, blinds, carpet, ceiling fan, storage, coat, and walk-in closets, patio/balcony, pantry cabinets, washers and dryer, refrigerator, stove/oven, dishwasher, and disposal. The construction is expected to begin in January 2025 and be completed in May 2027. The project will be developed by Visionary Home Builders of CA, Inc and will be located in Senate District 5 and Assembly District 13.

The project financing includes state funding from the Multifamily Housing Program (MHP), Local Government Matching Grants (LGMG), and Infill Infrastructure Grant (IIG) programs of HCD.

Project Number CA-24-476

Project Name La Passeggiata
 Site Address: 622 East Lindsay & 601 East Miner
 Stockton, CA 95202
 County: San Joaquin
 Census Tract: 100.00

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$3,485,653	\$0
Recommended:	\$3,485,653	\$0

Tax-Exempt Bond Allocation
 Recommended: \$36,867,534

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

Bond Financing Information
 CDLAC Applicant/Bond Issuer: California Municipal Finance Authority
 Bond Counsel: Jones Hall, A Professional Law Corporation
 Private Placement Purchaser: Banner Bank

Development Team

General Partner(s) or Principal Owner(s): La Passeggiata LLC
 General Partner Type: Nonprofit
 Parent Company(ies): Visionary Home Builders of CA
 Developer: Visionary Home Builders of CA, Inc
 Investor/Consultant: California Housing Partnership
 Management Agent: Visionary Property Management Group

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 2
 Total # of Units: 94
 No. / % of Low Income Units: 93 100.00%
 Average Targeted Affordability: 38.55%
 Federal Set-Aside Elected: 40%/60%
 Federal Subsidy: Tax-Exempt / HOME

Information

Housing Type: Large Family
 Geographic Area: Central Valley Region
 State Ceiling Pool: New Construction
 Set Aside: Extremely Low/Very Low Income Set Aside
 CDLAC Project Analyst: Christine Shephard
 CTCAC Project Analyst: Jacob Paixao

55-Year Use / Affordability

Aggregate Targeting	Number of Units	Percentage of Affordable Units
30% AMI:	27	29%
35% AMI:	29	31%
40% AMI:	6	6%
45% AMI:	6	6%
50% AMI:	25	27%

Unit Mix

36 1-Bedroom Units
 23 2-Bedroom Units
 35 3-Bedroom Units

 94 Total Units

<u>Unit Type & Number</u>	<u>2023 Rents Targeted % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
10 1 Bedroom	30%	\$493
7 2 Bedrooms	30%	\$592
10 3 Bedrooms	30%	\$684
11 1 Bedroom	35%	\$575
7 2 Bedrooms	35%	\$691
11 3 Bedrooms	35%	\$798
3 1 Bedroom	40%	\$658
1 2 Bedrooms	40%	\$790
2 3 Bedrooms	40%	\$912
4 1 Bedroom	45%	\$740
1 2 Bedrooms	45%	\$888
1 3 Bedrooms	45%	\$1,026
8 1 Bedroom	50%	\$822
6 2 Bedrooms	50%	\$987
11 3 Bedrooms	50%	\$1,140
1 2 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$2,072,046
Construction Costs	\$44,064,446
Construction Hard Cost Contingency	\$2,304,909
Soft Cost Contingency	\$404,605
Architectural/Engineering	\$1,655,770
Const. Interest, Perm. Financing	\$7,933,301
Legal Fees	\$220,000
Reserves	\$173,823
Other Costs	\$2,906,859
Developer Fee	\$8,743,276
Total	\$70,479,035

Residential

Construction Cost Per Square Foot:	\$421
Per Unit Cost:	\$749,777
Estimated Hard Per Unit Cost:	\$420,449
True Cash Per Unit Cost*:	\$683,359
Bond Allocation Per Unit:	\$392,208
Bond Allocation Per Restricted Rental Unit:	\$396,425

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
Banner Bank: Tax-Exempt	\$36,867,534	City of Stockton: HOME	\$600,000
Banner Bank: Taxable	\$10,413,200	HCD: IIG	\$2,400,000
City of Stockton: HOME	\$600,000	HCD: LGMG	\$10,000,000
HCD: LGMG	\$10,000,000	HCD: MHP	\$18,914,643
HCD: IIG	\$2,400,000	County of San Joaquin	\$1,500,000
Deferred Costs	\$1,112,863	La Raza	\$1,000,000
Deferred Developer Fee	\$6,243,276	Deferred Developer Fee	\$6,243,276
Tax Credit Equity	\$2,842,162	Tax Credit Equity	\$29,821,116
		TOTAL	\$70,479,035

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$67,031,782
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$87,141,317
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$3,485,653
Approved Developer Fee (in Project Cost & Eligible Basis):	\$8,743,276
Investor/Consultant:	California Housing Partnership
Federal Tax Credit Factor:	\$0.85554

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.

CTCAC Significant Information / Additional Conditions

Staff noted a per unit development cost of \$683,359. Applicant stated there is an increased construction cost due to constuction design elements including: materials, costs associated with an all-electric building, solar requirements, relocation of existing high voltage lines, and equipment required for an urban infill style project. Applicant also noted project is subject to prevailing wages.

CDLAC Analyst Comments

None

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.

CTCAC 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 CTCAC.

The applicant must pay CTCAC a reservation fee calculated in accordance with regulation. Additionally, CTCAC 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 CTCAC limitations. Fees in excess of these limitations will not be considered when determining the amount of credit when the project is placed-in-service.

If the applicant has requested the use of a CUAC utility allowance, CTCAC's Compliance staff will review the CUAC documentation for this project prior to placed in service. Until written approval is received from CTCAC, this project is not eligible to use a utility allowance based on the CUAC.

The applicant/owner shall be subject to underwriting criteria set forth in Section 10327 of the regulations through the final feasibility analysis performed by CTCAC 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 CTCAC in its final feasibility analysis.

CDLAC Additional Conditions

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

If points were awarded by CDLAC for housing type, the project shall comply with the housing type requirements at the time of CTCAC's Placed In Service review. The housing type requirement shall be conditioned in the CTCAC Regulatory Agreement and CTCAC Compliance staff shall verify the project is meeting those housing type requirements, consistent with California Code of Regulations, title 4, section 10322(i).

Point Criteria	New Const. Max. Points	Rehabilitation Max. Points	Points Scored
Preservation and Other Rehabilitation Project Priorities	0	20	0
New Construction Density and Local Incentives	10	0	10
Exceeding Minimum Income Restrictions	20	20	20
Exceeding Minimum Rent Restrictions	10	10	10
General Partner Experience	7	7	7
Management Company Experience	3	3	3
Housing Needs	10	0	10
Leveraged Soft Resources	8	8	8
Readiness to Proceed	10	10	10
Affirmatively Furthering Fair Housing	10	0	9
Site Amenities	10	10	10
Service Amenities	10	10	10
Cost Containment	12	12	12
Negative Points	No Maximum		0
Total Points	120	110	119

The criteria for which points are awarded will also be incorporated into the Resolution transferring Allocation to the Applicant as well as the appropriate bond documents and loan and finance agreements.

Tie Breaker: 94.620%