

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

Bella Vista Apartments, located at 1808 Parsons Avenue in Merced on a 4.59 acre site, requested and is being recommended for a reservation of \$3,402,171 in annual federal tax credits and \$36,656,693 of tax-exempt bond cap to finance the new construction of 108 units of housing, consisting of 106 restricted rental units, and 2 unrestricted manager's units. The project will have 6 one-bedroom units, 60 two-bedroom units, 30 three-bedroom units, and 12 four-bedroom units, serving families with rents affordable to households earning 30%-60% of area median income (AMI). The buildings will include five buildings with three stories walk-up, garden-style units and one single building story dedicated to the Community Center. Common amenities include a full kitchen with pantry cabinets, interior laundry rooms with full-size washers and dryers provided to the residents, separate dining and family rooms, and private patio areas. Within the community, there will be 183 parking spaces, including designated guest and handicap parking. The construction is expected to begin in January 2025 and be completed in July 2026. The project will be developed by Visionary Home Builders and will be located in Senate District 14 and Assembly District 27.

The project will be receiving rental assistance in the form of HUD Section 8 Project-based Vouchers. The project financing includes state funding from the Multifamily Housing Program (MHP) and Joe Serna, Jr. Farmworker Housing Grant (FWHG) programs of HCD.

Project Number CA-24-477

Project Name Bella Vista Apartments
Site Address: 1808 Parsons Avenue
Merced, CA 95340
County: Merced
Census Tract: 17.00

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$3,402,171	\$0
Recommended:	\$3,402,171	\$0

Tax-Exempt Bond Allocation
Recommended: \$36,656,693

CTCAC Applicant Information
CTCAC Applicant/CDLAC Sponsor: Visionary Home Builders of California, Inc.
Contact: Carol J. Ornelas
Address: 315 North San Joaquin Street
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): VHB Vella Vista LLC
 General Partner Type: Nonprofit
 Parent Company(ies): Visionary Home Builders of CA
 Developer: Visionary Home Builders
 Investor/Consultant: California Housing Partnership
 Management Agent: VPMG

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 4
 Total # of Units: 108
 No. / % of Low Income Units: 106 100.00%
 Average Targeted Affordability: 47.75%
 Federal Set-Aside Elected: 40%/60%
 Federal Subsidy: Tax-Exempt / HUD Section 8 Project-based Vouchers (20 Units - 18%)

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: Amit Sarang
 CTCAC Project Analyst: Jacob Paixao

55-Year Use / Affordability

Aggregate Targeting	Number of Units	Percentage of Affordable Units
30% AMI:	11	10%
40% AMI:	27	25%
50% AMI:	43	41%
60% AMI:	25	24%

Unit Mix

6 1-Bedroom Units
60 2-Bedroom Units
30 3-Bedroom Units
12 4-Bedroom Units
<u>108 Total Units</u>

Unit Type & Number	2023 Rents Targeted % of Area Median Income	Proposed Rent (including utilities)
5 2 Bedrooms	30%	\$557
2 3 Bedrooms	30%	\$643
1 4 Bedrooms	30%	\$717
2 1 Bedroom	40%	\$619
15 2 Bedrooms	40%	\$743
7 3 Bedrooms	40%	\$858
3 4 Bedrooms	40%	\$957
2 1 Bedroom	50%	\$773
15 2 Bedrooms	50%	\$928
8 3 Bedrooms	50%	\$1,072
4 4 Bedrooms	50%	\$1,196
2 1 Bedroom	60%	\$928
14 2 Bedrooms	60%	\$1,114
5 3 Bedrooms	60%	\$1,287
1 4 Bedrooms	60%	\$1,435
1 2 Bedrooms	30%	\$557
9 2 Bedrooms	50%	\$928
1 3 Bedrooms	30%	\$643
4 3 Bedrooms	50%	\$1,072
2 3 Bedrooms	60%	\$1,287
1 4 Bedrooms	30%	\$717
1 4 Bedrooms	50%	\$1,196
1 4 Bedrooms	60%	\$1,435
1 2 Bedrooms	Manager's Unit	\$0
1 3 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$2,481,040
Construction Costs	\$43,676,515
Construction Hard Cost Contingency	\$2,438,920
Soft Cost Contingency	\$252,904
Architectural/Engineering	\$1,268,000
Const. Interest, Perm. Financing	\$6,952,482
Legal Fees	\$213,138
Reserves	\$344,979
Other Costs	\$4,541,625
Developer Fee	\$8,533,873
Total	\$70,703,476

Residential

Construction Cost Per Square Foot:	\$281
Per Unit Cost:	\$654,662
Estimated Hard Per Unit Cost:	\$356,222
True Cash Per Unit Cost*:	\$591,788
Bond Allocation Per Unit:	\$339,414
Bond Allocation Per Restricted Rental Unit:	\$345,818

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
Banner Bank: Tax-Exempt	\$36,656,693	Banner Bank	\$4,213,000
Banner Bank: Taxable	\$13,295,312	HCD: MHP	\$19,062,940
HCD: FWHG	\$5,453,375	HCD: FWHG	\$6,059,305
City of Merced: ARPA ¹ Grant	\$3,500,000	City of Merced: ARPA ¹ Grant	\$3,500,000
City of Merced	\$977,626	City of Merced	\$977,626
Impact Fee Waiver	\$756,522	Impact Fee Waiver	\$756,522
Deferred Costs	\$1,260,036	Raza Development Fund	\$1,000,000
Deferred Developer Fee	\$6,033,873	Deferred Developer Fee	\$6,033,873
Tax Credit Equity	\$2,770,039	Tax Credit Equity	\$29,100,210
		TOTAL	\$70,703,476

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

¹American Rescue Plan Act

Determination of Credit Amount(s)

Requested Eligible Basis:	\$65,426,361
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$85,054,269
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$3,402,171
Approved Developer Fee (in Project Cost & Eligible Basis):	\$8,533,873
Investor/Consultant:	California Housing Partnership
Federal Tax Credit Factor:	\$0.85534

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 \$654,662. Applicant stated there is increased construction costs due to all-electric building requirements and prevailing wages. In addition, applicant noted site is located in a flood zone which has additional building requirements resulting in higher cost.

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: 87.146%