

**CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
 CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
 Project Staff Report
 Qualified Private Activity Tax-Exempt Bond Project
 December 11, 2024**

Seventh Street Village, located at 7th Street & J Street in Modesto on a 0.88 acre site, requested and is being recommended for a reservation of \$3,484,875 in annual federal tax credits and \$37,517,305 of tax-exempt bond cap to finance the new construction of 79 units of housing, consisting of 77 restricted rental units and 2 unrestricted manager's units. The project will have 12 one-bedroom units, 35 two-bedroom units, and 32 three-bedroom units, serving families with rents affordable to households earning 30%-80% of area median income (AMI). The construction is expected to begin in June 2025 and be completed in March 2027. The project will be developed by Visionary Home Builders of CA, Inc. and will be located in Senate District 4 and Assembly District 22.

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 Affordable Housing and Sustainable Communities (AHSC) and Permanent Local Housing Allocation (PLHA) programs of HCD.

Project Number CA-24-648

Project Name Seventh Street Village
 Site Address: 7th Street & J Street
 Modesto, CA 95354
 County: Stanislaus
 Census Tract: 17.00

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$3,484,875	\$0
Recommended:	\$3,484,875	\$0

Tax-Exempt Bond Allocation
 Recommended: \$37,517,305

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: CMFA
 Bond Counsel: Jones Hall, A Professional Law Corporation
 Private Placement Purchaser: Banner Bank

Development Team

General Partners / Principal Owners: VHB Seventh Street Village LLC
 General Partner Type: Nonprofit
 Parent Company: Visionary Home Builders of California, Inc.
 Developer: Visionary Home Builders of CA, Inc.
 Investor/Consultant: California Housing Partnership
 Management Agent: VPMG

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 1
 Total # of Units: 79
 No. / % of Low Income Units: 77 100.00%
 Average Targeted Affordability: 48.33%
 Federal Set-Aside Elected: 40%/60% Average Income
 Federal Subsidy: Tax-Exempt / HOME/ HUD Section 8 Project-based Vouchers (30 Units - 39%) / Community Development Block Grant (CDBG)

Information

Housing Type: Large Family
 Geographic Area: Central Valley Region
 State Ceiling Pool: New Construction
 Set Aside: N/A
 CDLAC Project Analyst: Anthony Wey
 CTCAC Project Analyst: Jacob Couch

55-Year Use / Affordability

<u>Aggregate Targeting</u>	<u>Number of Units</u>	<u>of Affordable Units</u>
30% AMI:	20	26%
40% AMI:	17	22%
50% AMI:	16	21%
60% AMI:	13	17%
80% AMI*:	11	14%

*CTCAC restricted only

Unit Mix

12 1-Bedroom Units
 35 2-Bedroom Units
32 3-Bedroom Units
 79 Total Units

Unit Type & Number	2024 Rents Targeted % of Area Median Income	Proposed Rent (including utilities)
7 1 Bedroom	30%	\$512
7 2 Bedrooms	30%	\$615
6 3 Bedrooms	30%	\$710
2 1 Bedroom	40%	\$683
8 2 Bedrooms	40%	\$820
7 3 Bedrooms	40%	\$947
1 1 Bedroom	50%	\$854
7 2 Bedrooms	50%	\$1,025
8 3 Bedrooms	50%	\$1,184
1 1 Bedroom	60%	\$1,025
6 2 Bedrooms	60%	\$1,230
6 3 Bedrooms	60%	\$1,421
1 1 Bedroom	80%	\$1,367
6 2 Bedrooms	80%	\$1,577
4 3 Bedrooms	80%	\$1,895
1 2 Bedrooms	Manager's Unit	\$0
1 3 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$3,188,806
Construction Costs	\$44,942,600
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$2,355,000
Soft Cost Contingency	\$267,143
Relocation	\$0
Architectural/Engineering	\$1,509,079
Const. Interest, Perm. Financing	\$7,067,115
Legal Fees	\$245,000
Reserves	\$279,459
Other Costs	\$3,260,876
Developer Fee	\$8,741,325
Commercial Costs	\$0
Total	\$71,856,403

Residential

Construction Cost Per Square Foot:	\$273
Per Unit Cost:	\$909,575
Estimated Hard Per Unit Cost:	\$501,456
True Cash Per Unit Cost*:	\$830,571
Bond Allocation Per Unit:	\$474,903
Bond Allocation Per Restricted Rental Unit:	\$568,444

Construction Financing

Source	Amount
Banner Bank: Tax-Exempt	\$37,517,305
Banner Bank: Taxable	\$13,948,823
City of Modesto: CDBG	\$1,852,631
City of Modesto: HOME	\$3,509,216
City of Modesto: PLHA	\$1,490,784
HCD: AHSC	\$1,300,000
Deferred Costs	\$2,966,109
Deferred Developer Fee	\$6,241,325
General Partner Equity	\$100
Tax Credit Equity	\$3,030,110

Permanent Financing

Source	Amount
Banner Bank: Tax-Exempt	\$7,312,000
City of Modesto: CDBG	\$1,852,631
City of Modesto: HOME	\$3,509,216
City of Modesto: PLHA	\$1,490,784
HCD: AHSC	\$16,000,000
HCD: AHSC: HRI ¹	\$1,300,000
RAZA Development Fund	\$987,000
Deferred Costs	\$967,750
Deferred Developer Fee	\$6,241,325
General Partner Equity	\$100
Tax Credit Equity	\$32,195,597
TOTAL	\$71,856,403

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

¹Housing-Related Infrastructure

Determination of Credit Amount(s)

Requested Eligible Basis:	\$67,016,825
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$87,121,873
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$3,484,875
Approved Developer Fee (in Project Cost & Eligible Basis):	\$8,741,325
Federal Tax Credit Factor:	\$0.92387

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 \$830,571. The applicant noted that the per unit cost is attributed to the double concrete podium style foundation, fire suppression systems, the utilization of a material hoistway and cranes during construction, prevailing wages, security, as well as solar, battery and other electric code requirements.

The project anticipates receiving HUD Section 8 project-based vouchers with a 15-year term for 30 of the 79 tax-credit units.

Projects with funding and subsidies from HUD are required to use Utility Allowances (UAs) approved by HUD. The applicant’s request to use the CUAC for Seventh Street Village (CA-24-648) is subject to approval by HUD.

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	Rehabilitati on 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	0
Cost Containment	12	12	12
Negative Points	No Maximum		0
Total Points	120	110	109

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: 72.550%