

**California Tax Credit Allocation Committee  
DEVELOPMENT ROUTE SHEET**

**PRELIMINARY RESERVATION**

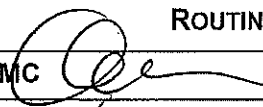

Date: 6-5-17

Project Number: CA-17-053

Deadline Date:

Project Name: **Sierra Vista I Apartments**

**ROUTING – INITIALS AND COMPLETION DATE**

- |  |                                       |
|--|---------------------------------------|
| 1. Analyst (initial): <b>MMC</b>  | Date completed: <b>6/5/17</b>         |
| 2. Development Manager:           | Date approved/sign-off: <b>6-7-17</b> |
| 3. Executive Director: <b>MS</b>   | Date approved/sign off: <b>6-7-17</b> |
| 4. Office Technician:  | Date completed:                       |

**CHECK OFF ITEMS THAT HAVE BEEN COMPLETED**

**Email and Mail Original Reservation Letter and Staff Report (and cc: other email addresses below, if any AND TCAC Development Manager)**

**Copy of "Sent" Email, Reservation Letter, Staff Report & Route Sheet to Scanned into FileNet:**

DOCUMENT CATEGORY	DOCUMENT TYPE	DATE
Staff Report/Reservation	Preliminary Reservation Letter	Date on Document

**Copy of Reservation Letter to Chron**

**Update Mainlist: "PR Analyst," "Actual Reservation Date," " Fees", "90 Day Executed Letter of Intent (LOI) Due Date," "Readiness Documents Due," and "Carryover Docs Due," if applicable**

**Please See "Special Requests" Below, if Any**

**STAFF COMMENTS:**

**For corrections return to front desk.**

**If no corrections forward to Connie.**

**SPECIAL REQUESTS:**

**Please Fax or Email to:** \_\_\_\_\_

**Other:** \_\_\_\_\_



## CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

915 Capitol Mall, Suite 485  
Sacramento, CA 95814  
p (916) 654-6340  
f (916) 654-6033  
www.treasurer.ca.gov/ctcac

### MEMBERS

JOHN CHIANG, CHAIRMAN  
State Treasurer

BETTY T. YEE  
State Controller

MICHAEL COHEN  
Director of Finance

EXECUTIVE DIRECTOR  
Mark Stivers

### Preliminary Reservation Letter

June 7, 2017

Laurie Doyle  
Central California Housing Corporation  
3128 Willow Avenue, Suite 101  
Clovis, CA 93612

Email: Ldoyle@ahdcinc.com

RE: Sierra Vista I Apartments  
Twelfth Street, Belleview Street, and Viva Plaza  
Stockton, CA 95206  
CA-17-053  
**Allocation type:** N/A  
**Completion date:** December 31, 2019  
**Minimum low income election:** 40%/60%

Dear Ms. Doyle:

The California Tax Credit Allocation Committee ("TCAC"), in its role as administrator of the federal and California Low Income Housing Tax Credit programs established by Section 42 of the Internal Revenue Code of 1986, as amended (the "Code"), and Sections 17058, 12206, and 23610.5 of the California Revenue and Taxation Code, hereby reserves for the project (the "Project") referenced above and described in the staff report attached hereto, 2017 low income housing tax credits in the following amount(s) and under the following conditions and limitations:

\$2,430,801: in federal Tax Credits annually for each of ten years (estimated applicable percentage of 9.00% and/or 3.23% for acquisition);

\$0: in total state Tax Credits to be taken over a four year period.

These credit amounts have been calculated using the estimated qualified basis and estimated applicable percentage(s) identified in the attached staff report. While the actual qualified basis and applicable percentages may change, the credit amounts of the reservations stated above are maximum credit amounts and cannot be exceeded.

This Preliminary Reservation is conditioned upon the Project Applicant (the "Applicant") constructing, rehabilitating or acquiring and rehabilitating the Project in accordance with the application for low income housing tax credits (the "Application") submitted to TCAC (subject to the Applicant maintaining its eligibility

under all selection criteria and adhering to all conditions stated in the attached staff report) and is subject to full compliance by the Applicant with the Code and the California Code of Regulations, Title 4, Chapter 17 (the "Regulations"). This Preliminary Reservation is further conditioned upon the owner posting project signage at the construction site in a manner consistent with criteria outlined on the TCAC website at: <http://www.treasurer.ca.gov/ctcac/signage/memo.pdf>. This Preliminary Reservation is further conditioned upon the Project receiving an Internal Revenue Service (IRS) form 8609 in 2017 or submitting to the Committee all documentation qualifying for a Carryover Allocation as specified in Committee Regulation Section 10328(d). **For 2017 award recipients, an application for a Carryover Allocation must be submitted by October 31 of the year of the reservation, together with the applicable allocation fee and all required documentation, except that the time for meeting the "10%" test and submitting related documentation will be no later than twelve (12) months after the date of the Carryover Allocation. Failure to submit the applicable allocation fee by the deadline above will result in cancellation of this Reservation.** No change in the owner, general partner(s) of the owner, or any members of a Limited Liability Company that has an ownership interest in the Project shall occur prior to final allocation of the Tax Credits without the prior written consent of TCAC. If such consent is given, this Preliminary Reservation is binding on all successors and assigns. In order to obtain a Carryover Allocation and retain this Preliminary Reservation, the following must be submitted no later than October 31, except that the time for meeting the "10%" test and submitting related documentation will be no later than twelve (12) months after the date of the Carryover Allocation:

- evidence that the Applicant had uninterrupted control of the Project site since filing the original application with TCAC and, if the site is not already owned, evidence that the Applicant will maintain site control until the time for submitting the evidence of the land's purchase that will be no longer than twelve (12) months after the date of the Carryover Allocation;
- a certification, on forms supplied by TCAC, that Applicant's basis as of the date of the Carryover Allocation or the date that will be no later than twelve (12) months after the date of the Carryover Allocation, exceeds 10% of the anticipated basis of the Project upon completion (see Section 42(h)(1)(E) and applicable IRS Notices);
- evidence of site control. Evidence may take the form of any of the following: a preliminary title report issued no earlier than 30 days prior to the date of the Carryover Allocation submission; a conformed copy of the recorded grant deed; or a conformed copy of the recorded memorandum of lease;
- any other information required by the IRS or TCAC;

\* All applicants receiving any points for readiness to proceed must provide an executed Letter of Intent (LOI) from the project's equity partner within 90 days of the Preliminary Reservation, no later than **September 5, 2017**. The LOI must include the features outlined in the TCAC application. Applicants that received 15 points for readiness to proceed must be able to begin construction, meet all of the following requirements and submit evidence of the same no later than 180 days from the date hereof, that is, no later than **December 4, 2017**. Such evidence shall include a completed updated application form along with a detailed explanation of any changes from the initial application, an executed construction contract, a construction lender trade payment breakdown of approved construction costs, recorded deeds of trust for all construction financing (unless a project's location on tribal trust land precludes this), binding commitments for permanent financing, binding commitments for any other financing required to complete project construction, a limited partnership agreement executed by the general partner and the investor providing the equity, payment of all construction lender fees, issuance of building permits (a grading permit does not suffice to meet this requirement) or the applicable tribal documents, and notice to proceed delivered to the contractor. **Failure to meet this timeline shall result in rescission of the Credit Reservation or the issuance of negative points.**

Pursuant to Regulation Section 10328(c), the Applicant must provide the Committee with a completed updated application form on CD or flash drive no later than 180 days following the Preliminary

**Reservation.** Applicants may now submit documents for each TCAC deadline on CD or flash drive, including Placed in Service documents. **TCAC will not accept the Placed in Service documents by email or over the internet.**

Within one year from the project's actual placed in service date, the Applicant must request from TCAC the issuance of Internal Revenue Service (IRS) Form(s) 8609 and submit the required documentation as specified in TCAC Regulation Section 10328(e). Prior to issuance of IRS Form 8609 and/or FTB 3521A, the project owner must submit to TCAC the following in the form of a CD/DVD/flash drive (Please do not submit these document in a binder):

- an updated application (in MS Excel format) which shows in every respect what changes have occurred or are being proposed from the application upon which this Reservation was made (all changes are subject to approval by the Committee);
- all documents under Regulation Section 10322(i); and
- all documents required on the Placed in Service Checklist located on the TCAC website at: <http://www.treasurer.ca.gov/ctcac/in-service/checklist.pdf>

Failure to provide the required request and documentation by the deadline may result in negative points as specified in Committee Regulation Section 10325(c)(3).

**No later than 5:00 p.m. on June 27, 2017, the Applicant must provide a check made out to the Committee in the amount of \$97,232, which is the performance deposit required for this Project. Failure to provide the performance deposit by June 27, 2017 shall result in cancellation of the reservation.** The performance deposit may only be refundable under the circumstances and conditions set forth in the Committee Regulation Section 10335(d)(3). Similarly, no later than **October 31, 2017**, the Applicant must provide a check made out to the Committee in the amount of **\$97,232**, which represents the allocation fee for this Project. The allocation fee is not refundable. Preliminary Reservation recipients receiving any competitive readiness to proceed points under Section 10325(c)(8) must pay one-half of the allocation fee within 90-days of the Preliminary Reservation, by **September 5, 2017**, and the balance by **October 31, 2017**.

By accepting this Preliminary Reservation, the owner understands and accepts the risks that the U.S. Congress, U.S. Department of the Treasury or the State of California may change the requirements for the award of tax credits by subsequent enactment of law or regulation. The Applicant further acknowledges that it has consulted its own tax advisor as to any consequences related to this Preliminary Reservation or eventual award of tax credits.

Applicant acknowledges that it is under an affirmative obligation to advise TCAC of any material change in the nature or composition of the owner or the development team or of any of the specifics of the Project set forth in the Application.

Applicant acknowledges that, in awarding tax credits, TCAC has reserved a portion of the annual ceiling for Applicant's use, but that TCAC makes no representation that such credits can be claimed by Applicant. Applicant further acknowledges that upon its failure to meet any of the requirements in this Preliminary Reservation or the reservation itself or any other requirements of TCAC or, upon mutual consent with TCAC, the Project's reservation may be canceled and the credits returned to TCAC. Moreover, even after the award of the carryover allocation, the amount of such allocation may be adjusted if, upon the initial and subsequent feasibility determinations, TCAC determines that the Project received more credits than are necessary for financial feasibility of the Project. In addition, TCAC may rescind a reservation or allocation of credits in the event that the maximum amount of credits achievable is insufficient for financial feasibility of the Project.

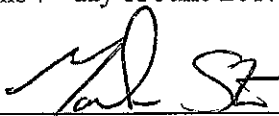
TCAC accepts no responsibility for any adverse consequences to the owner if the owner chooses to proceed with the Project based upon this Preliminary Reservation. The owner is advised that TCAC is required by law to evaluate the Project a minimum of two additional times. These evaluations must occur at the time of the 180-day deadline and when the Project is placed in service. Further evaluations may result in the denial of any allocation of tax credits or a reduction in the amount of tax credits finally allocated to this Project.

No TCAC committee member, officer, director, agent, or employee shall be personally liable concerning any matters arising out of, or in relation to, the undertakings or obligations set forth herein.

Please examine the provisions of this Preliminary Reservation carefully, and advise me promptly if there are any errors contained herein. If you agree to the terms of this Preliminary Reservation, **please sign and date this form and deliver the original letter and performance deposit no later than 5:00 p.m. on June 27, 2017**, to TCAC at 915 Capitol Mall, Room 485, Sacramento, CA 95814. TCAC reserves the right to revoke this Preliminary Reservation if it discovers that the Applicant has provided erroneous or fraudulent information to TCAC in connection with the Application or fails to comply with any of the requirements of TCAC. You are encouraged to keep a copy of this document for your records.

If you do not wish to accept this reservation offer, please notify this office as soon as possible so that the credit may be reserved for another project.

Executed this 7<sup>th</sup> day of June 2017.

By:   
\_\_\_\_\_  
Mark Stivers  
Executive Director

Accepted this \_\_\_\_\_ day of \_\_\_\_\_, 2017.

By: \_\_\_\_\_  
(signature)  
  
\_\_\_\_\_  
(type or print name)  
  
\_\_\_\_\_  
(type or print title)

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**  
**Project Staff Report**  
**2017 First Round**  
**June 7, 2017**  
**REVISED**

Sierra Vista I Apartments, located at Twelfth Street, Belleview Street, and Viva Plaza in Stockton, requested and is being recommended for a reservation of 2,430,801 in annual federal tax credits to finance the new construction of 114 units of housing serving large families with rents affordable to households earning 30-50% of area median income (AMI). The project will be developed by Central California Housing Corporation and will be located in Senate District 5 and Assembly District 13.

The project will be receiving rental assistance in the form of HUD Section 8 Project-based Vouchers and Low-Income Public Housing (LIPH) subsidies.

**Project Number** CA-17-053

**Project Name** Sierra Vista I Apartments  
**Site Address:** Twelfth Street, Belleview Street, and Viva Plaza  
 Stockton, CA 95206 County: San Joaquin  
**Census Tract:** 22.020

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total</b>
Requested:	\$2,430,801	\$0
Recommended:	\$2,430,801	\$0

**Applicant Information**

**Applicant:** Central California Housing Corporation  
**Contact:** Laurie Doyle  
**Address:** 3128 Willow Avenue, Suite 101  
 Clovis, CA 93612  
**Phone:** 559-292-9212  
**Email:** Ldoyle@ahdcinc.com

**General Partner(s) / Principal Owner(s):** Central California Housing Corporation  
 Villa Real, Inc.

**General Partner Type:** Joint Venture

**Parent Company(ies):** Central California Housing Corporation  
 Villa Real, Inc.

**Developer:** Central California Housing Corporation

**Investor/Consultant:** California Housing Partnership Corporation

**Management Agent(s):** Winn Residential

**Project Information**

Construction Type: New Construction  
 Total # Residential Buildings: 18  
 Total # of Units: 115  
 No. & % of Tax Credit Units: 114 100%  
 Federal Set-Aside Elected: 40%/60%  
 Federal Subsidy: HUD Project Based Vouchers (82 units / 71%) and  
 Affordability Breakdown by Units and % (Lowest Income Points):  
 30% AMI: 18 15 %  
 40% AMI: 23 20 %  
 50% AMI: 73 40 %

**Information**

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

**Unit Mix**

25 1-Bedroom Units  
 36 2-Bedroom Units  
 39 3-Bedroom Units  
 15 4-Bedroom Units  


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 115 Total Units

<u>Unit Type &amp; Number</u>	<u>2016 Rents Targeted % of Area Median Income</u>	<u>2016 Rents Actual % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
4 1 Bedroom	30%	30%	\$331
5 2 Bedrooms	30%	30%	\$397
7 3 Bedrooms	30%	30%	\$459
2 4 Bedrooms	30%	30%	\$513
1 1 Bedroom	40%	40%	\$442
5 2 Bedrooms	40%	40%	\$530
8 3 Bedrooms	40%	40%	\$613
3 1 Bedroom	40%	40%	\$442
2 2 Bedrooms	40%	40%	\$530
2 3 Bedrooms	40%	40%	\$613
2 4 Bedrooms	40%	40%	\$684
17 1 Bedroom	50%	50%	\$553
24 2 Bedrooms	50%	50%	\$663
21 3 Bedrooms	50%	50%	\$766
11 4 Bedrooms	50%	50%	\$855
1 3 Bedrooms	Manager's Unit	Manager's Unit	\$0

Lifetime Rent Benefit: \$33,640,332

**Project Cost Summary at Application**

Land and Acquisition	\$3,760,716
Construction Costs	\$19,849,811
Rehabilitation Costs	\$0
Construction Contingency	\$1,042,176
Relocation	\$320,000
Architectural/Engineering	\$800,000
Const. Interest, Perm. Financing	\$1,949,586
Legal Fees, Appraisals	\$200,000
Reserves	\$372,582
Other Costs	\$2,687,141
Developer Fee	\$2,930,719
Commercial Costs	\$0
<b>Total</b>	<b>\$33,912,731</b>

**Project Financing**

Estimated Total Project Cost:	\$33,912,731
Estimated Residential Project Cost:	\$33,912,731
Estimated Commercial Project Cost:	\$0

**Residential**

Construction Cost Per Square Foot:	\$178
Per Unit Cost:	\$294,893
True Cash Per Unit Cost*:	\$268,846

**Construction Financing**

Source	Amount
Rabobank, N.A.	\$24,500,000
**HACCSJ Seller Land Loan	\$2,767,000
**HACCSJ Gap Loan	\$2,400,000
Deferred Costs	\$1,980,830
Deferred Developer Fee	\$228,475
Tax Credit Equity	\$2,036,426

**Permanent Financing**

Source	Amount
Rabobank, N.A. - Loan A	\$190,000
Rabobank, N.A. - Tranche B	\$6,658,000
**HACCSJ Seller Carryback Loan	\$2,767,000
**HACCSJ Gap Loan	\$2,400,000
Deferred Developer Fee	\$228,475
Tax Credit Equity	\$21,669,256
<b>TOTAL</b>	<b>\$33,912,731</b>

\*Less Donated Land, Fee Waivers, Seller Carryback Loans, and Deferred Developer Fee

\*\*Housing Authority of the County of San Joaquin

**Determination of Credit Amount(s)**

Requested Eligible Basis:	\$20,776,076
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$27,008,899
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$2,430,801
Approved Developer Fee in Project Cost:	\$2,930,719
Approved Developer Fee in Eligible Basis:	\$1,400,000
Investor/Consultant:	California Housing Partnership Corporation
Federal Tax Credit Factor:	\$0.89145



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:	\$20,776,076
Actual Eligible Basis:	\$26,936,076
Unadjusted Threshold Basis Limit:	\$32,367,246
Total Adjusted Threshold Basis Limit:	\$40,332,223

**Adjustments to Basis Limit**

Required to Pay State or Federal Prevailing Wages/Financed by labor-affiliated organization employing construction workers paid at least state or federal prevailing wages  
Local Development Impact Fees

**Tie-Breaker Information**

First:	<b>Large Family</b>
Final:	<b>53.224%</b>

**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 9.0% of the qualified basis, or, in the case of acquisition credit or credit combined with federal subsidies, 3.23%. Applicants are cautioned to consider the expected federal rate when negotiating with investors. TCAC's financial evaluation at project completion will determine the

**Special Issues/Other Significant Information**

The project has project-based Section 8 vouchers for 82 units from the Housing Authority of the County of San Joaquin and an operating subsidy on 32 units from the County of San Joaquin Low-Income Public Housing (LIPH).

In the placed in service package, the applicant must demonstrate compliance with TCAC regulation section 10327(c)(10), basis related to parking. This includes number of parking spaces, a calculation of the applicable ratio, transit stop information, and documentation from a CPA of any required basis reduction in the final cost certification.

**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, 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>\$2,430,801</b>	<b>\$0</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 fifteen 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
<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 1/8 mile of transit (van or dial-a-ride service for rural set-aside)	4	4	4
Within 1/2 mile of public park or community center open to general public	3	3	3
Within 1 mile of public library	2	2	2
Within 1 mile of a full-scale grocery/supermarket of at least 25,000 sf	4	4	4
Within 1/4 mile of public Elementary School within attendance boundary	3	3	3
<b>Service Amenities</b>	<b>10</b>	<b>10</b>	<b>10</b>
<b>LARGE FAMILY, SENIOR, AT-RISK HOUSING TYPES</b>			
Adult ed/health & wellness/skill bldg classes, min. 60 hrs/yr instruction	5	5	5
After school program for school age children, minimum of 10 hours/week	5	5	5
<b>Sustainable Building Methods</b>	<b>5</b>	<b>5</b>	<b>5</b>
<b>NEW CONSTRUCTION/ADAPTIVE REUSE</b>			
Renewable energy providing percentage of tenants' energy loads: 40%	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>15</b>	<b>15</b>	<b>15</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>138</b>	<b>138</b>	<b>138</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.**