

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
2010 Second Round
September 22, 2010

Project Number CA-2010-231

Project Name Pacific Gardens Apartments
 Site Address: 5161 E. Kings Canyon Road
 Fresno, CA 93727 County: Fresno
 Census Tract: 29.020

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$621,476	\$0
Recommended:	\$621,476	\$0

Applicant Information

Applicant: Housing Authority of the City of Fresno
 Contact: Preston Prince
 Address: 1331 Fulton Mall
 Fresno CA 93721
 Phone: (559) 443-8475 Fax: (559) 445-8981
 Email: pprince@hafresno.org

General partner(s) or principal owner(s): Housing Authority of the City of Fresno
 Silvercrest, Inc.
 General Partner Type: Nonprofit
 Developer: Housing Authority of the City of Fresno
 Investor/Consultant: CHPC
 Management Agent: GSF Properties, Inc.

Project Information

Construction Type: Rehabilitation-Only
 Total # Residential Buildings: 7
 Total # of Units: 56
 No. & % of Tax Credit Units: 55 100%
 Federal Set-Aside Elected: 40%/60%
 Federal Subsidy: None
 Affordability Breakdown by % (Lowest Income Points):
 30% AMI: 10 %
 35% AMI: 10 %
 40% AMI: 10 %
 45% AMI: 10 %
 50% AMI: 10 %

Information

Set-Aside: At-Risk
 Housing Type: At-Risk
 Geographic Area: Central Region
 TCAC Project Analyst: Benjamin Schwartz

Unit Mix

32 1-Bedroom Units
 20 2-Bedroom Units
 4 3-Bedroom Units

 56 Total Units

<u>Unit Type & Number</u>	<u>2010 Rents Targeted % of Area Median Income</u>	<u>2010 Rents Actual % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
3 1 Bedroom	30%	27%	\$290
3 2 Bedrooms	30%	24%	\$302
1 3 Bedrooms	30%	30%	\$439
3 1 Bedroom	35%	27%	\$290
3 2 Bedrooms	35%	24%	\$302
4 1 Bedroom	40%	27%	\$290
2 2 Bedrooms	40%	24%	\$302
6 1 Bedroom	45%	45%	\$475
4 1 Bedroom	50%	50%	\$528
2 2 Bedrooms	50%	50%	\$633
12 1 Bedroom	60%	58%	\$615
10 2 Bedrooms	60%	55%	\$695
2 3 Bedrooms	60%	60%	\$874
1 3 Bedrooms	Manager's Unit	Manager's Unit	\$0

Project Financing

Estimated Total Project Cost: \$8,382,817 Construction Cost Per Square Foot: \$75
 Per Unit Cost: \$149,693

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
Bank of America	\$4,400,000	Bank of America	\$1,012,000
Housing Authority of City of Fresno	\$1,588,656	Housing Authority of City of Fresno	\$1,588,656
Housing Authority of City of Fresno	\$37,868	Housing Authority of City of Fresno	\$37,868
Housing Relinquished Fund Corp	\$305,610	FHLB - AHP	\$550,000
Housing Relinquished Fund Corp	\$3,939	Housing Relinquished Fund Corp	\$165,242
Deferred Developer Fee	\$325,000	Housing Relinquished Fund Corp	\$3,939
Tax Credit Equity	\$1,454,248	Deferred Developer Fee	\$325,000
		Tax Credit Equity	\$4,700,112
		TOTAL	\$8,382,817

Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation): \$5,311,759
 130% High Cost Adjustment: Yes
 Applicable Fraction: 100.00%
 Qualified Basis (Rehabilitation): \$6,905,287
 Applicable Rate: 9.00%
 Total Maximum Annual Federal Credit: \$621,476
 Approved Developer Fee (in Project Cost & Eligible Basis): \$812,848
 Investor/Consultant: CHPC
 Federal Tax Credit Factor: \$0.75628

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: \$5,311,759
 Actual Eligible Basis: \$7,831,965
 Unadjusted Threshold Basis Limit: \$9,007,424
 Total Adjusted Threshold Basis Limit: \$9,007,424

Adjustments to Basis Limit: None

Tie-Breaker Information

First: **At-Risk**
 Second: **57.558%**

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 9.00% of the qualified basis, or, in the case of acquisition credit or credit combined with federal subsidies, 3.40%. 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: None

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, City of Fresno, 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:

Federal Tax Credits/Annual	State Tax Credits/Total
\$621,476	\$0

Standard Conditions

The applicant must submit all documentation required for a Carryover Allocation, any Readiness 150-Day Requirements elected, and a Final Reservation. 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

Points System	Max. Possible Points	Requested Points	Points Awarded
Cost Efficiency / Credit Reduction / Public Funds	20	20	20
Public Funds	20	20	20
Owner / Management Characteristics	9	9	9
General Partner Experience	6	6	6
Management Experience	3	3	3
Housing Needs	10	10	10
Site Amenities	15	15	15
Within ¼ mile of transit stop, service every 30 minutes in rush hours	6	6	6
Within ¼ mile of public park or community center open to general public	3	3	3
Within ¼ mile of a full-scale grocery/supermarket of at least 25,000 sf	5	5	5
Within ¼ mile of a pharmacy	2	2	2
Service Amenities	10	10	10
Adult educational classes, minimum instruction of 60 hours/year	5	5	5
Health/wellness or skill-building classes, minimum instruction of 60 hrs/yr	5	5	5
Sustainable Building Methods	8	8	8
Energy star rated ceiling fans in bedroom/living room; whole house fan	2	2	2
Flow restrictors for kitchen & bath faucets or water-saving fixtures	1	1	1
Minimum 1 High Efficiency Toilet (1.3 gpf) or dual flush	2	2	2
No-VOC interior paint	1	1	1
CRI Green-label, low-VOC carpet and pad	1	1	1
Formaldehyde-free insulation	1	1	1
Lowest Income	52	52	52
Basic Targeting	50	50	50
Deeper Targeting – at least 10% of units @ 30% AMI or less	2	2	2
Readiness to Proceed	20	20	20
State Credit Substitution	2	2	2
Total Points	146	146	146

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.