

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

2015 First Round

June 10, 2015

REVISED

Project Number CA-15-027

Project Name Trailside Terrace
Site Address: 1233 & 1245 G Street
Reedley, CA 93654 **County:** Fresno
Census Tract: 66.020

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$902,561	\$3,521,044
Recommended:	\$902,561	\$3,521,044

Applicant Information

Applicant: Housing Authority of Fresno County, California
Contact: Preston Prince
Address: 1331 Fulton Mall
Fresno, CA 93721
Phone: 559-443-8475 **Fax:** 559-445-8981
Email: pprince@fresnohousing.org

General Partner(s) / Principal Owner(s): Housing Authority of Fresno County, California
Silvercrest, Inc.

General Partner Type: Nonprofit

Parent Company(ies): Housing Authority of Fresno County, California
Silvercrest, Inc.

Developer: Housing Authority of Fresno County, California

Investor/Consultant: California Housing Partnership Corporation

Management Agent(s): GSF Properties Inc.

Project Information

Construction Type: New Construction

Total # Residential Buildings: 3

Total # of Units: 55

No. & % of Tax Credit Units: 54 100%

Federal Set-Aside Elected: 40%/60%

Federal Subsidy: HOME / Low-Income Public Housing (LIPH) Rental Assistance
(55 units - 30%)

Affordability Breakdown by Units and % (Lowest Income Points):

30% AMI:	6	10 %
35% AMI:	14	25 %
40% AMI:	11	20 %

Information

Set-Aside: Rural (HOME)
 Housing Type: Large Family
 Geographic Area: N/A
 TCAC Project Analyst: Daniel Tran

Unit Mix

16 1-Bedroom Units
 21 2-Bedroom Units
 18 3-Bedroom Units

 55 Total Units

<u>Unit Type & Number</u>	<u>2014 Rents Targeted % of Area Median Income</u>	<u>2014 Rents Actual % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
1 1 Bedroom	30%	30%	\$307
3 2 Bedrooms	30%	30%	\$369
2 3 Bedrooms	30%	30%	\$426
4 1 Bedroom	35%	35%	\$359
5 2 Bedrooms	35%	35%	\$431
5 3 Bedrooms	35%	35%	\$497
4 1 Bedroom	40%	40%	\$410
3 2 Bedrooms	40%	40%	\$492
4 3 Bedrooms	40%	40%	\$568
7 1 Bedroom	60%	60%	\$615
9 2 Bedrooms	60%	60%	\$739
7 3 Bedrooms	60%	60%	\$853
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$710,055
Construction Costs	\$8,936,962
Rehabilitation Costs	\$0
Construction Contingency	\$454,143
Relocation	\$0
Architectural/Engineering	\$554,426
Construction Interest, Perm Financing	\$588,974
Legal Fees, Appraisals	\$184,809
Reserves	\$220,545
Other Costs	\$1,124,421
Developer Fee	\$1,750,298
Commercial Costs	\$356,962
Total	\$14,881,595

Project Financing

Estimated Total Project Cost:	\$14,881,595
Estimated Residential Project Cost:	\$14,524,633
Estimated Commercial Project Cost	\$356,962

Residential

Construction Cost Per Square Foot:	\$157
Per Unit Cost:	\$264,084

Construction Financing

Source	Amount
US Bank Construction Loan	\$9,175,157
County of Fresno HOME Loan	\$1,000,000
Housing Relinquished Fund Corp.	\$2,750,000
Deferred Costs	\$946,778
Tax Credit Equity	\$1,009,660

Permanent Financing

Source	Amount
County of Fresno HOME Loan	\$1,000,000
Housing Relinquished Fund Corp.	\$2,750,000
Tax Credit Equity	\$11,131,595
TOTAL	\$14,881,595

Determination of Credit Amount(s)

Requested Eligible Basis:	\$11,736,814
130% High Cost Adjustment:	No
Applicable Fraction:	100.00%
Qualified Basis:	\$11,736,814
Applicable Rate:	7.69%
Maximum Annual Federal Credit:	\$902,561
Total State Credit:	\$3,521,044
Approved Developer Fee in Project Cost:	\$1,750,298
Approved Developer Fee in Eligible Basis:	\$1,400,000
Investor/Consultant:	California Housing Partnership Corporation
Federal Tax Credit Factor:	\$0.98235
State Tax Credit Factor:	\$0.64335

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:	\$11,736,814
Actual Eligible Basis:	\$13,068,655
Unadjusted Threshold Basis Limit:	\$11,094,048
Total Adjusted Threshold Basis Limit:	\$11,816,233

Adjustments to Basis Limit:

Local Development Impact Fees

Tie-Breaker Information

First: **Large Family**
Second: **33.343%**

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 7.69% of the qualified basis, or, in the case of acquisition credit or credit combined with federal subsidies, 3.30%. 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 Reedley, 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
\$902,561	\$3,521,044

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 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 regular bus stop (or dial-a-ride service for rural set-aside)	4	4	4
Within ½ mile of public park or community center open to general public	3	3	3
Within ½ mile of public library	3	3	3
Within 3 miles of a full-scale grocery/supermarket of at least 25,000 sf	3	3	3
Within 1/2 mile of a rural elementary school	3	3	3
Within 1 mile of medical clinic or hospital	3	3	3
Within 1 mile of a pharmacy	1	1	1
Service Amenities	10	10	10
LARGE FAMILY, SENIOR, AT-RISK HOUSING TYPES			
Service Coordinator, minimum ratio of 1 FTE to 600 bedrooms	5	5	5
Adult ed/health & wellness/skill bldg classes, minimum 60 hrs/yr instruction	5	5	5
Sustainable Building Methods	10	10	10
NEW CONSTRUCTION/ADAPTIVE REUSE			
Develop project in accordance w/ requirements of: GreenPoint Rated Program	5	5	5
Develop project to requirements of: GreenPoint Rated Program Silver	3	3	3
Energy efficiency beyond CA Building Code Title 24 requirements: 32.5%	2	2	2
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
Miscellaneous Federal and State Policies	2	2	2
State Credit Substitution	2	2	2
Total Points	148	148	148

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.