

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**

**Project Staff Report  
2010 Second Round  
September 22, 2010**

**Project Number** CA-2010-230

**Project Name** Renaissance at Santa Clara (Chinatown Sanctuary Gardens)  
**Site Address:** 503 G Street, 512 F Street and 518 F Street  
Fresno, CA 93706 County: Fresno  
**Census Tract:** 4.000

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total</b>
Requested:	\$712,326	\$0
Recommended:	\$712,326	\$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):** Silvercrest, Inc.  
Housing Authority of the City of Fresno  
**General Partner Type:** Nonprofit  
**Developer:** The Penstar Group  
**Investor/Consultant:** California Housing Partnership Corporation  
**Management Agent:** GSF Properties, Inc.

**Project Information**

**Construction Type:** New Construction  
**Total # Residential Buildings:** 7  
**Total # of Units:** 71  
**No. & % of Tax Credit Units:** 70 100%  
**Federal Set-Aside Elected:** 20%/50%  
**Federal Subsidy:** Project Based Section 8 (70 units - 100%)  
**Average Affordability of Special Needs/SRO Project Units:** 19.98%  
**Affordability Breakdown by % (Lowest Income Points):**  
30% AMI: 10 %  
40% AMI: 80 %

**Information**

**Set-Aside:** N/A  
**Housing Type:** Single Room Occupancy  
**Geographic Area:** Central Region  
**TCAC Project Analyst:** Vélia Martínez

**Unit Mix**

71	SRO/Studio Units
71	Total Units

Unit Type & Number	2010 Rents Targeted % of Area Median Income	2010 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
7 SRO/Studio	30%	20%	\$197
57 SRO/Studio	40%	20%	\$197
6 SRO/Studio	50%	20%	\$197
1 SRO/Studio	Manager's Unit	Manager's Unit	\$0

**Project Financing**

Estimated Total Project Cost:	\$9,174,248	Construction Cost Per Square Foot:	\$153
		Per Unit Cost:	\$129,215

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
Alliant Mortgage	\$2,808,605	Housing Relinquished Fund Corp.	\$3,800,000
Housing Relinquished Fund Corp. (HRFC)	\$2,800,000	HRFC Accrued Interest	\$91,769
HRFC Accrued Interest	\$91,769	Poverello House - Discounted Land Sale	\$67,499
Poverello House - Discounted Land Sale	\$67,499	Deferred Developer Fee	\$125,000
Deferred Developer Fee	\$125,000	Investor Equity	\$5,089,980
Investor Equity	\$2,079,992	<b>TOTAL</b>	<b>\$9,174,248</b>

**Determination of Credit Amount(s)**

Requested Eligible Basis:	\$6,088,257
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$7,914,734
Applicable Rate:	9.00%
Maximum Annual Federal Credit:	\$712,326
Approved Developer Fee (in Project Cost & Eligible Basis):	\$978,196
Investor/Consultant:	California Housing Partnership Corporation
Federal Tax Credit Factor:	\$0.71456

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:	\$6,088,257
Actual Eligible Basis:	\$7,499,502
Unadjusted Threshold Basis Limit:	\$8,902,974
Total Adjusted Threshold Basis Limit:	\$8,902,974

**Adjustments to Basis Limit:** None.

**Tie-Breaker Information**

First:	<b>Single Room Occupancy</b>
Second:	<b>75.058%</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 9.00% 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:** Staff noted that the preliminary architectural drawings did not identify the required amount of washer/dryer required by regulation. Adequate laundry facilities must be available on project premises, with no fewer than one washer/dryer per 15 units upon completion of the project prior to the issuance of federal and state tax forms.

**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:

<b>Federal Tax Credits/Annual</b>	<b>State Tax Credits/Total</b>
<b>\$712,326</b>	<b>\$0</b>

**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

<b>Points System</b>	<b>Max. Possible Points</b>	<b>Requested Points</b>	<b>Points Awarded</b>
<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 1/3 mile of a bus stop, service every 30 minutes in rush hours	5	5	5
Within 1/2 mile of public park or community center open to general public	2	2	2
Within 1/4 mile of a neighborhood market of at least 5,000 sf	4	4	4
Special Needs/SRO project within 1/2 mile of facility serving tenant pop.	3	3	3
Within 1/2 mile of medical clinic or hospital	3	3	0
Within 1/2 mile of a pharmacy	1	1	1
<b>Service Amenities</b>	<b>10</b>	<b>10</b>	<b>10</b>
Health/wellness or skill-building classes, minimum instruction of 120 hrs/yr	10	10	10
<b>Sustainable Building Methods</b>	<b>8</b>	<b>8</b>	<b>8</b>
New construction/adaptive reuse energy efficiency 10% above Title 24	4	4	4
No-VOC interior paint	1	1	1
CRI Green-label, low-VOC carpet and pad	1	1	1
Bathroom fans in all bathrooms w/humidistat, timer and outdoor exhaust	2	2	2
<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>20</b>	<b>20</b>	<b>20</b>
<b>State Credit Substitution</b>	<b>2</b>	<b>2</b>	<b>2</b>
<b>Total Points</b>	<b>146</b>	<b>146</b>	<b>146</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.**