

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

2012 Second Round

October 10, 2012

Project Number CA-12-185

Project Name Bridges at Florence Apartments
Site Address: 649 East Florence Avenue
Fresno, CA 93706 County: Fresno
Census Tract: 9.000

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$426,364	\$0
Recommended:	\$426,364	\$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@fresnohousing.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: California Housing Partnership Corp.
Management Agent: GSF Properties, Inc.

Project Information

Construction Type: New Construction
Total # Residential Buildings: 9
Total # of Units: 34
No. & % of Tax Credit Units: 33 100%
Federal Set-Aside Elected: 40%/60%
Federal Subsidy: HOME
Affordability Breakdown by Units and % (Lowest Income Points):
30% AMI: 4 10 %
35% AMI: 4 10 %
40% AMI: 5 15 %
45% AMI: 5 15 %

Information

Set-Aside: N/A
 Housing Type: Seniors
 Geographic Area: Central Region
 TCAC Project Analyst: Benjamin Schwartz

Unit Mix

29 1-Bedroom Units
 4 2-Bedroom Units
 1 3-Bedroom Units

 34 Total Units

<u>Unit Type & Number</u>	<u>2012 Rents Targeted % of Area Median Income</u>	<u>2012 Rents Actual % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
3 1 Bedroom	30%	30%	\$326
1 2 Bedrooms	30%	30%	\$391
4 1 Bedroom	35%	35%	\$380
4 1 Bedroom	40%	40%	\$434
1 2 Bedrooms	40%	40%	\$522
4 1 Bedroom	45%	45%	\$489
1 2 Bedrooms	45%	45%	\$587
14 1 Bedroom	60%	50%	\$543
1 2 Bedrooms	60%	50%	\$652
1 3 Bedrooms	Manager's Unit	Manager's Unit	\$0

Project Financing

Estimated Total Project Cost: \$6,906,505
 Estimated Residential Project Cost: \$6,906,505

Residential

Construction Cost Per Square Foot: \$141
 Per Unit Cost: \$203,133

Construction Financing

<u>Source</u>	<u>Amount</u>
US Bank	\$3,451,254
City of Fresno HOME	\$1,400,000
Housing Relinquished Fund Corporation	\$1,000,000
Costs Deferred Until Perm Closing	\$322,010
Deferred Developer Fee	\$100,000
Tax Credit Investor Equity	\$633,241

Permanent Financing

<u>Source</u>	<u>Amount</u>
City of Fresno HOME	\$1,400,000
Housing Relinquished Fund Corporation	\$1,000,000
FHLB AHP	\$330,000
Deferred Developer Fee	\$100,000
Tax Credit Equity	\$4,076,505
TOTAL	\$6,906,505

Determination of Credit Amount(s)

Requested Eligible Basis: \$4,372,965
 130% High Cost Adjustment: Yes
 Applicable Fraction: 100.00%
 Qualified Basis: \$5,684,855
 Applicable Rate: 7.50%
 Total Maximum Annual Federal Credit: \$426,364
 Approved Developer Fee (in Project Cost & Eligible Basis): \$814,787
 Investor/Consultant: California Housing Partnership Corp.
 Federal Tax Credit Factor: \$0.95611

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:	\$4,372,965
Actual Eligible Basis:	\$6,246,703
Unadjusted Threshold Basis Limit:	\$5,700,014
Total Adjusted Threshold Basis Limit:	\$5,926,434

Adjustments to Basis Limit:

Local Development Impact Fees

Tie-Breaker Information

First:	Seniors
Second:	51.107%

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 7.50% of the qualified basis, or, in the case of acquisition credit or credit combined with federal subsidies, 3.20%. 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
\$426,364	\$0

Standard Conditions

The applicant must submit all documentation required for a Carryover Allocation, any Readiness to Proceed 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 ½ mile of public library	2	2	2
Within 1.5 miles of a full-scale grocery/supermarket of at least 25,000 sf	3	3	3
Senior project within ¼ mile of daily operated senior center/facility	3	3	3
Within ½ mile of medical clinic or hospital	3	3	3
Within ½ 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 Multifam	5	5	5
Develop project to requirements of: GreenPoint Rated Multifami 125	5	5	5
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
Qualified Census Tract	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.