

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**  
**Project Staff Report**  
**2013 First Round**  
**June 12, 2013**

**Project Number** CA-13-012

**Project Name** Kings River Commons  
 Site Address: 2020 & 2092 E. Dinuba Avenue  
 Reedley, CA 93654 County: Fresno  
 Census Tract: 63.000

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total</b>
Requested:	\$686,973	\$2,289,909
Recommended:	\$686,973	\$2,289,909

**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) or principal owner(s): Silvercrest, Inc.  
 Housing Authority of Fresno County, California  
 General Partner Type: Nonprofit  
 Developer: Housing Authority of Fresno County  
 Investor/Consultant: California Housing Partnership Corporation  
 Management Agent(s): Winn Residential California, LP

**Project Information**

Construction Type: New Construction  
 Total # Residential Buildings: 7  
 Total # of Units: 60  
 No. & % of Tax Credit Units: 59 100%  
 Federal Set-Aside Elected: 40%/60%  
 Federal Subsidy: HOME  
 Affordability Breakdown by Units and % (Lowest Income Points):  
 30% AMI: 7 10 %  
 40% AMI: 7 10 %  
 50% AMI (Rural): 45 50 %

**Information**

Set-Aside: Rural  
 Housing Type: Large Family  
 Geographic Area: N/A  
 TCAC Project Analyst: DC Navarrette

**Unit Mix**

32 2-Bedroom Units  
 28 3-Bedroom Units  


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 60 Total Units

<u>Unit Type &amp; Number</u>	<u>2013 Rents Targeted % of Area Median Income</u>	<u>2013 Rents Actual % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
4 2 Bedrooms	30%	30%	\$387
3 3 Bedrooms	30%	30%	\$447
4 2 Bedrooms	40%	40%	\$516
3 3 Bedrooms	40%	40%	\$596
24 2 Bedrooms	50%	50%	\$645
21 3 Bedrooms	50%	50%	\$745
1 3 Bedrooms	Manager's Unit	Manager's Unit	\$0

**Project Financing**

Estimated Total Project Cost: \$12,355,356  
 Estimated Residential Project Cost: \$12,355,356

**Residential**

Construction Cost Per Square Foot: \$109  
 Per Unit Cost: \$205,923

**Construction Financing**

<u>Source</u>	<u>Amount</u>
Bank of America	\$7,145,339
County of Fresno HOME	\$1,700,000
Housing Relinquished Fund Corp.	\$1,200,000
Accrued Interest	\$61,190
Deferred Costs	\$1,116,281
Tax Credit Equity	\$1,132,546

**Permanent Financing**

<u>Source</u>	<u>Amount</u>
Bank of America	\$1,398,501
County of Fresno HOME	\$1,700,000
Housing Relinquished Fund Corp.	\$1,200,000
Accrued Interest	\$61,190
Tax Credit Equity	\$7,995,665
<b>TOTAL</b>	<b>\$12,355,356</b>

**Determination of Credit Amount(s)**

Requested Eligible Basis:	\$7,633,029
130% High Cost Adjustment:	No
Applicable Fraction:	100.00%
Qualified Basis:	\$7,633,029
Applicable Rate:	9.00%
Maximum Annual Federal Credit:	\$686,973
Total State Credit:	\$2,289,909
Approved Developer Fee in Project Cost:	\$1,442,404
Approved Developer Fee in Eligible Basis:	\$1,400,000
Investor/Consultant:	California Housing Partnership Corporation
Federal Tax Credit Factor:	\$0.95049
State Tax Credit Factor:	\$0.64023

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:	\$7,633,029
Actual Eligible Basis:	\$11,016,029
Unadjusted Threshold Basis Limit:	\$12,428,288
Total Adjusted Threshold Basis Limit:	\$12,428,288

**Adjustments to Basis Limit:** None.

**Tie-Breaker Information**

First:	<b>Large Family</b>
Second:	<b>35.352%</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, 3.20%. 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, the City of Reedly, 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>\$686,973</b>	<b>\$2,289,909</b>

**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.

<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 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 1 mile of a full-scale grocery/supermarket of at least 25,000 sf	4	4	4
Within ¾ mile of a public elementary school students may attend	3	3	3
Within 1.5 miles of medical clinic or hospital	2	2	2
Within 1 mile of a pharmacy	1	1	1
<b>Service Amenities</b>	<b>10</b>	<b>10</b>	<b>10</b>
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, min. 84 hrs/yr instruction	7	7	7
<b>Sustainable Building Methods</b>	<b>10</b>	<b>10</b>	<b>10</b>
NEW CONSTRUCTION/ADAPTIVE REUSE			
Develop project in accordance w/ requirements of: GreenPoint	5	5	5
Develop project to requirements of: GreenPoint 100	3	3	3
Energy efficiency beyond CA Building Code Title 24 requirements: 17.5%	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>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>148</b>	<b>148</b>	<b>148</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.**