

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

2018 Second Round

September 19, 2018

Mariposa Meadows, located at 1011 W. Atchison Avenue in Fresno, requested and is being recommended for a reservation of \$826,934 in annual federal tax credits to finance the rehabilitation of 39 units of housing serving large families with rents affordable to households earning 30-80% of area median income (AMI). The project will be developed by the Housing Authority of the City of Fresno, CA and is located in Senate District 14 and Assembly District 31.

The project will be receiving rental assistance in the form of USDA RHS 521 Rental Assistance.

Project Number CA-18-108

Project Name Mariposa Meadows
Site Address: 1011 W. Atchison Avenue
Fresno, CA 93706 County: Fresno
Census Tract: 8.000

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$826,934	\$0
Recommended:	\$826,934	\$0

Applicant Information

Applicant: Silvercrest, Inc.
Contact: Preston Prince
Address: 1331 Fulton Street
Fresno, CA 93721
Phone: 559-443-8475
Email: pprince@fresnohousing.org

General Partner(s) / Principal Owner(s): Silvercrest, Inc.
Housing Authority of the City of Fresno, CA

General Partner Type: Nonprofit

Parent Company(ies): Silvercrest, Inc.
Housing Authority of the City of Fresno, CA

Developer: Housing Authority of the City of Fresno, CA

Investor/Consultant: California Housing Partnership Corporation

Management Agent(s): Housing Authority of the City of Fresno, CA

Project Information

Construction Type: Rehabilitation-Only
 Total # Residential Buildings: 20
 Total # of Units: 40
 No. & % of Tax Credit Units: 39 100%
 Federal Set-Aside Elected: 40%/60% Average Income
 Federal Subsidy: USDA Section 521 Rental Assistance (33 units - 85%) / USDA 514

Information

Set-Aside: At-Risk
 Housing Type: Large Family
 Geographic Area: Central Valley Region
 TCAC Project Analyst: Lucy Vang

55-Year Use / Affordability

Aggregate Targeting Number of Units	Percentage of Affordable Units
At or Below 30% AMI:	7 15%
At or Below 40% AMI:	8 20%
At or Below 50% AMI:	9 20%
At or Below 60% AMI:	10 26%
At or Below 70% AMI:	3 8%
At or Below 80% AMI:	2 5%

Unit Mix

16 2-Bedroom Units
16 3-Bedroom Units
6 4-Bedroom Units
2 5-Bedroom Units
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40 Total Units

<u>Unit Type & Number</u>	<u>2018 Rents Targeted % of Area Median Income</u>	<u>2018 Rents Actual % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
2 4 Bedrooms	30%	30%	\$519
1 2 Bedrooms	30%	30%	\$403
3 3 Bedrooms	30%	30%	\$465
1 5 Bedrooms	30%	30%	\$573
1 4 Bedrooms	40%	40%	\$693
2 2 Bedrooms	40%	40%	\$538
3 3 Bedrooms	40%	40%	\$621
1 4 Bedrooms	40%	40%	\$693
1 5 Bedrooms	40%	40%	\$765
2 2 Bedrooms	50%	43%	\$576
1 4 Bedrooms	50%	46%	\$805
2 2 Bedrooms	50%	50%	\$672
3 3 Bedrooms	50%	50%	\$776
1 4 Bedrooms	50%	50%	\$866
5 2 Bedrooms	60%	60%	\$807
5 3 Bedrooms	60%	60%	\$931
2 2 Bedrooms	70%	60%	\$807
1 3 Bedrooms	70%	60%	\$931
2 2 Bedrooms	80%	60%	\$807
1 3 Bedrooms	Manager's Unit	Manager's Unit	\$0

TCAC-confirmed Projected Lifetime Rent Benefit: \$14,187,360

Project Cost Summary at Application

Land and Acquisition	\$3,365,000
Construction Costs	\$0
Rehabilitation Costs	\$3,855,000
Construction Contingency	\$383,000
Relocation	\$800,000
Architectural/Engineering	\$275,000
Const. Interest, Perm. Financing	\$812,585
Legal Fees, Appraisals	\$202,500
Reserves	\$127,306
Other Costs	\$451,540
Developer Fee	\$921,888
Commercial Costs	\$0
Total	\$11,193,819

Residential

Construction Cost Per Square Foot:	\$100
Per Unit Cost:	\$279,845
True Cash Per Unit Cost*:	\$202,100

Construction Financing

Source	Amount
US Bancorp Community Dev. Corp.	\$6,345,748
USDA 514 Loan	\$276,130
Land / Building Donation	\$3,073,870
Cost Deferred Until Conversion	\$798,243
Deferred Developer Fee	\$35,951
GP Contribution	\$100
Tax Credit Equity	\$663,777

Permanent Financing

Source	Amount
USDA 514 Perm Loan	\$276,130
Land / Building Donation	\$3,073,870
Deferred Developer Fee	\$35,951
GP Contribution	\$100
Tax Credit Equity	\$7,807,768
TOTAL	\$11,193,819

*Less Donated Land, Fee Waivers, Seller Carryback Loans, and Deferred Developer Fee

Determination of Credit Amount(s)

Requested Eligible Basis:	\$7,067,808
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$9,188,150
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$826,934
Approved Developer Fee (in Project Cost & Eligible Basis):	\$921,888
Investor/Consultant:	California Housing Partnership Corporation
Federal Tax Credit Factor:	\$0.94418

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, shall not increase during all subsequent reviews including the placed in service review, for the purpose of determining the final award of Tax Credits, unless a waiver has been granted for a purchase price not to exceed the sum of third party debt that will be assumed or paid off. The sum of the third party debt encumbering the property may increase during subsequent reviews to reflect the actual amount.

Eligible Basis and Basis Limit

Requested Unadjusted Eligible Basis:	\$7,067,808
Actual Eligible Basis:	\$7,067,808
Unadjusted Threshold Basis Limit:	\$13,102,160
Total Adjusted Threshold Basis Limit:	\$15,722,592

Adjustments to Basis Limit

Required to Pay State or Federal Prevailing Wages/Financed by labor-affiliated organization employing construction workers paid at least state or federal prevailing wages

Tie-Breaker Information

First: **Large Family**
Final: **50.847%**

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 9.0% of the qualified basis, or, in the case of acquisition credit or credit combined with federal subsidies, 3.25%. 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.

Significant Information / Additional Conditions:

Project residents at this site shall have access to the Yosemite Village Community Building located approximately 300 yards from the project. Social services will also be provided at the Yosemite Village Community Building. The Housing Authority of Fresno is the owner of both the project site and the community building. All necessary agreements shall be in place to ensure that the residents located at this site will have access to the Yosemite Village Community Building free of charge during the building's normal hours of operation. The Joint Use Agreement shall be provided in the placed in service submission.

Resyndication and Resyndication Transfer Event: 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.

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 fifteen 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)(5) 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.

Points System	Max. Possible Points	Requested Points	Points Awarded
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, service every 30 minutes in rush hours	6	6	6
Within ½ mile of public park or community center open to general public	3	3	3
Within 1 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
Within 1 mile of a public high school that project children can attend	3	3	3
Within 1 mile of medical clinic or hospital	2	2	2
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, min. 60 hrs/yr instruction	5	5	5
Sustainable Building Methods	5	5	5
REHABILITATION			
Rehabilitate to improve energy efficiency (change in HERS II rating): 20%	5	5	5
Lowest Income	52	52	52
Basic Targeting	50	50	50
Deeper Targeting – at least 10% of Low Income Units @ 30% AMI or less	2	2	2
Readiness to Proceed	10	10	10
Miscellaneous Federal and State Policies	2	2	2
State Credit Substitution	2	2	2
Total Points	113	113	113

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.