

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**

**Project Staff Report**

**2018 Second Round**

**September 19, 2018**

Annadale Commons, located at 1449-1529 E. Annadale Avenue in Fresno, requested and is being recommended for a reservation of \$762,933 in annual federal tax credits to finance the new construction of 39 units of housing serving seniors with rents affordable to households earning 30-60% of area median income (AMI). The project will be developed by Self-Help Enterprises and will be located in Senate District 14 and

**Project Number** CA-18-134

**Project Name** Annadale Commons  
Site Address: 1449-1529 E. Annadale Avenue  
Fresno, CA 93706 County: Fresno  
Census Tract: 10.000

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total</b>
Requested:	\$762,933	\$0
Recommended:	\$762,933	\$0

**Applicant Information**

Applicant: Self-Help Enterprises  
Contact: Betsy McGovern-Garcia  
Address: 8445 W. Elowin Court (Mailing: P.O. Box 6520)  
Visalia, CA 93290  
Phone: (559) 802-1653  
Email: betsyg@selfhelpenterprises.org

General Partner(s) / Principal Owner(s): Self-Help Enterprises  
General Partner Type: Nonprofit  
Parent Company(ies): Self-Help Enterprises  
Developer: Self-Help Enterprises  
Investor/Consultant: California Housing Partnership Corporation  
Management Agent(s): AWI Management Corporation

**Project Information**

Construction Type: New Construction  
Total # Residential Buildings: 11  
Total # of Units: 40  
No. & % of Tax Credit Units: 39 100%  
Federal Set-Aside Elected: 40%/60%  
Federal Subsidy: N/A  
Utility Allowance: CUAC

**Information**

Set-Aside: N/A  
 Housing Type: Seniors  
 Geographic Area: Central Valley Region  
 TCAC Project Analyst: Jack Waegell

**55-Year Use / Affordability**

<u>Aggregate Targeting Number of Units</u>	<u>Percentage of Affordable Units</u>
At or Below 30% AMI: 12	30%
At or Below 50% AMI: 18	40%
At or Below 60% AMI: 9	20%

**Unit Mix**

32 1-Bedroom Units  
8 2-Bedroom Units  
 40 Total Units

<u>Unit Type &amp; 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>
10 1 Bedroom	30%	30%	\$336
2 2 Bedrooms	30%	30%	\$403
15 1 Bedroom	50%	50%	\$560
3 2 Bedrooms	50%	50%	\$672
7 1 Bedroom	60%	60%	\$672
2 2 Bedrooms	60%	60%	\$806
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$0

TCAC-confirmed Projected Lifetime Rent Benefit: \$12,447,600

**Project Cost Summary at Application**

Land and Acquisition	\$812,000
Construction Costs	\$7,123,834
Rehabilitation Costs	\$0
Construction Contingency	\$546,663
Relocation	\$0
Architectural/Engineering	\$450,000
Const. Interest, Perm. Financing	\$475,643
Legal Fees, Appraisals	\$92,500
Reserves	\$530,582
Other Costs	\$660,074
Developer Fee	\$1,337,129
Commercial Costs	\$0
<b>Total</b>	<b>\$12,028,425</b>

**Residential**

Construction Cost Per Square Foot:	\$230
Per Unit Cost:	\$300,711
True Cash Per Unit Cost*:	\$277,499

**Construction Financing**

Source	Amount
Wells Fargo Bank	\$4,554,599
Fresno Housing Successor (FHS) Loan	\$3,200,000
FHS Land Carryback Loan	\$637,000
FHS Entitlement Fee Loan	\$41,749
City of Fresno Impact Fee Waiver	\$291,461
Cost Deferred Until Loan Closing	\$1,487,834
NeighborWorks	\$1,201,705
Accrued/Deferred Interest	\$42,696
Tax Credit Equity	\$571,381

**Permanent Financing**

Source	Amount
FHS Loan	\$3,200,000
FHS Land Carryback Loan	\$637,000
FHS Entitlement Fee Loan	\$41,749
City of Fresno Impact Fee Waiver	\$291,461
NeighborWorks	\$1,201,705
Accrued/Deferred Interest	\$42,696
Tax Credit Equity	\$6,613,814
<b>TOTAL</b>	<b>\$12,028,425</b>

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

**Determination of Credit Amount(s)**

Requested Eligible Basis:	\$6,520,798
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$8,477,037
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$762,933
Approved Developer Fee (in Project Cost & Eligible Basis):	\$1,337,129
Investor/Consultant:	California Housing Partnership Corporation
Federal Tax Credit Factor:	\$0.86689

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:	\$6,520,798
Actual Eligible Basis:	\$10,151,320
Unadjusted Threshold Basis Limit:	\$9,446,848
Total Adjusted Threshold Basis Limit:	\$10,391,533

**Adjustments to Basis Limit**

One or More Energy Efficiency/Resource Conservation/Indoor Air Quality Features:

- Project has onsite renewable generation estimated to produce 50% or more of annual tenant electricity use as indicated in TCAC Regulations.
- Project has onsite renewable generation estimated to produce 75% or more of annual common area electricity use as indicated in TCAC Regulations.
- New construction: project buildings are at least 15% more energy efficient than 2016 Energy Efficiency Standards (California Code of Regulations, Title 24, Part 6) as indicated in TCAC

**Tie-Breaker Information**

First:	<b>Seniors</b>
Final:	<b>49.585%</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 9.0% of the qualified basis. 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:** None

**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.

<b>Points System</b>	<b>Max. Possible Points</b>	<b>Requested Points</b>	<b>Points Awarded</b>
<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 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
Senior project within ½ mile of daily operated senior center/facility	3	0	3
Within ½ mile of medical clinic or hospital	3	3	3
Within ½ mile of a pharmacy	2	2	2
In-unit high speed internet service	2	2	0
<b>Service Amenities</b>	<b>10</b>	<b>10</b>	<b>10</b>
SENIOR HOUSING TYPE			
Adult ed/health & wellness/skill bldg classes, min. 84 hrs/yr instruction	7	7	7
Health & wellness services and programs, minimum 60 hrs per 100 bdrms	3	3	3
<b>Sustainable Building Methods</b>	<b>5</b>	<b>5</b>	<b>5</b>
NEW CONSTRUCTION			
Renewable energy providing percentage of tenants' energy loads: 40%	5	5	5
<b>Lowest Income</b>	<b>52</b>	<b>52</b>	<b>52</b>
Basic Targeting	50	50	50
Deeper Targeting – at least 10% of Low Income Units @ 30% AMI or less	2	2	2
<b>Readiness to Proceed</b>	<b>10</b>	<b>10</b>	<b>10</b>
<b>Miscellaneous Federal and State Policies</b>	<b>2</b>	<b>2</b>	<b>2</b>
State Credit Substitution	2	2	2
Smoke Free Residence	2	2	2
<b>Total Points</b>	<b>113</b>	<b>113</b>	<b>113</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.**