

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
2018 Waiting List Project
October 25, 2018

Fancher Creek Senior Apartments, located at the northeast corner of Marion Avenue and Fancher Creek Drive in Fresno, requested a reservation of \$1,808,157 in annual federal tax credits and \$6,025,079 in total state tax credits and is being recommended for a reservation of \$1,808,157 in annual federal tax credits and \$0 in state credits in accordance with TCAC Regulation Section 10325(h), to finance the new construction of 178 units of housing serving seniors with rents affordable to households earning 30%-60% of area median income (AMI). The project will be developed by Dominus Consortium, LLC and will be located in Senate District 8 and Assembly District 31.

The project financing includes state funding from the IIG program of HCD.

Project Number CA-18-119

Project Name Fancher Creek Senior Apartments
 Site Address: Northeast corner of Marion Avenue and Fancher Creek Drive
 Fresno, CA 93727 County: Fresno
 Census Tract: 14.11

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$1,808,157	\$6,025,079
Recommended:	\$1,808,157	\$0

Applicant Information

Applicant: FCTC Senior, LP
 Contact: Chris Westlake
 Address: 265 E. River Park Circle, Suite 270
 Fresno, CA 93720
 Phone: 559-437-4842
 Email: cwestlake@dominusconsortium.com

General Partner(s) / Principal Owner(s): CHAPA MGP, LLC
 Dominus Consortium, LLC
 General Partner Type: Joint Venture
 Parent Company(ies): Riverside Charitable Corporation
 Dominus Consortium, LLC
 Developer: Dominus Consortium, LLC
 Investor/Consultant: Red Stone Equity Partners
 Management Agent(s): GFI Properties, Inc.

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 2
 Total # of Units: 180
 No. & % of Tax Credit Units: 178 100%
 Federal Set-Aside Elected: 40%/60%
 Federal Subsidy: HOME

Information

Housing Type: Seniors
 Geographic Area: Central Valley Region
 TCAC Project Analyst: Carmen Doonan

55-Year Use / Affordability

<u>Aggregate Targeting Number of Units</u>	<u>Percentage of Affordable Units</u>
At or Below 30% AMI: 20	10%
At or Below 40% AMI: 40	20%
At or Below 50% AMI: 76	40%
At or Below 60% AMI: 42	20%

Unit Mix

144 1-Bedroom Units
 36 2-Bedroom Units

 180 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>
36 1 Bedroom	60%	60%	\$672
60 1 Bedroom	50%	50%	\$560
32 1 Bedroom	40%	40%	\$448
16 1 Bedroom	30%	30%	\$336
6 2 Bedrooms	60%	60%	\$807
16 2 Bedrooms	50%	50%	\$672
8 2 Bedrooms	40%	40%	\$538
4 2 Bedrooms	30%	30%	\$403
2 2 Bedrooms	Manager's Unit	Manager's Unit	\$0

TCAC-confirmed Projected Lifetime Rent Benefit: \$39,952,440

Project Cost Summary at Application

Land and Acquisition	\$3,662,000
Construction Costs	\$24,792,584
Rehabilitation Costs	\$0
Construction Contingency	\$973,538
Relocation	\$0
Architectural/Engineering	\$553,000
Const. Interest, Perm. Financing	\$1,609,465
Legal Fees, Appraisals	\$195,000
Reserves	\$243,462
Other Costs	\$1,954,521
Developer Fee	\$1,796,426
Commercial Costs	\$0
Total	\$35,779,996

Residential

Construction Cost Per Square Foot:	\$150
Per Unit Cost:	\$198,778
True Cash Per Unit Cost*:	\$193,788

Construction Financing

<u>Source</u>	<u>Amount</u>
Citi Community Capital	\$23,324,118
City of Fresno - HOME	\$1,420,500
HCD - IIG	\$9,075,360
Tax Credit Equity	\$2,163,592

Permanent Financing

<u>Source</u>	<u>Amount</u>
Citi Community Capital	\$2,750,000
City of Fresno - HOME	\$1,420,500
HCD - IIG	\$9,075,360
Deferred Developer Fee	\$898,213
Tax Credit Equity**	\$21,635,923
TOTAL	\$35,779,996

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

**Source substitution for \$4,820,063 in anticipated state tax credit equity must be provided no later than October 31, 2018.

Determination of Credit Amount(s)

Requested Eligible Basis:	\$20,090,628
130% High Cost Adjustment:	No
Applicable Fraction:	100.00%
Qualified Basis:	\$20,090,628
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$1,808,157
Total State Credit:	\$0
Approved Developer Fee in Project Cost:	\$1,796,426
Approved Developer Fee in Eligible Basis:	\$1,400,000
Investor/Consultant:	Red Stone Equity Partners
Federal Tax Credit Factor:	\$0.93000
State Tax Credit Factor:	\$0.80000

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:	\$20,090,628
Actual Eligible Basis:	\$31,890,628
Unadjusted Threshold Basis Limit:	\$42,510,816
Total Adjusted Threshold Basis Limit:	\$47,633,935

Adjustments to Basis Limit

Local Development Impact Fees
95% of Upper Floor Units are Elevator-Serviced

Tie-Breaker Information

First:	Seniors
Final:	44.911%

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:

Staff noted the developer fee in the application exceeds the 50% deferral limit of TCAC regulation section 10327(c)(2)(D). The maximum deferred amount is 50% of the developer fee. To correct this, the total developer fee has been reduced by \$203,574 to \$1,796,426, with \$898,213 deferred. This does not impact the credit request, however the total project cost will be reduced to \$35,779,996.

In addition, the project was granted a waiver for the 150-unit project size limitation of TCAC regulation section 1035(f)(9)(A) allowing 180 tax credit unit development.

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 has not yet completed a site review of this project. Any negative comments in the LRA report will cause this staff report to be revised to reflect such comments.

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 min, 25 units/acre density	7	7	7
Within ½ mile of public park or community center open to general public	3	3	0
Within ¾ mile of public park or community center open to general public	2	0	2
Within ½ mile of public library	3	3	0
Within 1 mile of public library	2	0	2
Within ½ mile of a full-scale grocery/supermarket of at least 25,000 sf	5	5	5
Within 1/4 mile of a public elementary school	3	3	0
Within ½ mile of medical clinic or hospital	3	3	0
Within ½ mile of a pharmacy	2	2	2
Service Amenities	10	10	10
LARGE FAMILY, SENIOR, AT-RISK HOUSING TYPES			
Adult ed/health & wellness/skill bldg classes, min. 84 hrs/yr instruction	7	7	7
Health & wellness services and programs, minimum 100 hrs per 100 bdrms	5	5	5
Sustainable Building Methods	5	5	5
NEW CONSTRUCTION/ADAPTIVE REUSE			
Develop project in accordance w/ requirements: GreenPoint Rated Program	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
Smoke Free Residence	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.