

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

2019 First Round

June 12, 2019

Kingsburg Seniors Housing, located at Madsen Avenue and Sierra Street in Kingsburg, requested and is being recommended for a reservation of \$1,237,027 in annual federal tax credits and \$4,117,451 in total state tax credits to finance the new construction of 41 units of housing serving seniors with rents affordable to households earning 30-80% of area median income (AMI). The project will be developed by Housing Authority of Fresno County and will be located in Senate District 14 and Assembly District 31.

The project will be receiving rental assistance in the form of HUD Section 8 Project-based Vouchers.

Project Number CA-19-020

Project Name Kingsburg Seniors Housing
Site Address: Madsen Avenue and Sierra Street
Kingsburg, CA 93631 County: Fresno
Census Tract: 72.010

Tax Credit Amounts	Federal/Annual	State/Total *
Requested:	\$1,237,027	\$4,117,451
Recommended:	\$1,237,027	\$4,117,451

* The applicant made an irrevocable election not to sell (Certificate) any portion of the state credits.

Applicant Information

Applicant: Housing Authority of Fresno County
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 Fresno County
General Partner Type: Nonprofit
Parent Company(ies): Housing Authority of Fresno County
Developer: Housing Authority of Fresno County
Investor/Consultant: California Housing Partnership Corporation
Management Agent(s): GSF Properties Inc.

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 2
 Total # of Units: 47
 No. & % of Tax Credit Units: 41 89%
 Federal Set-Aside Elected: 40%/60% Average Income
 Federal Subsidy: HUD Section 8 Project Based Vouchers (35 units - 85%) / HOME

Information

Set-Aside: Rural apportionment (HOME)
 Housing Type: Seniors
 Geographic Area: Central Valley Region
 TCAC Project Analyst: Marlene McDonough

55-Year Use / Affordability

Aggregate Targeting Number of Units

At or Below 30% AMI:	5
At or Below 40% AMI:	18
At or Below 50% AMI:	5
At or Below 60% AMI:	7
At or Below 80% AMI:	6

Average Income Project (70% and/or 80% AMI Units): 50% AMI targeted average or less is required

Unit Mix

38 1-Bedroom Units
8 2-Bedroom Units
1 3-Bedroom Units
<hr/> 47 Total Units

Unit Type & Number	2018 Rents Targeted % of Area Median Income	2018 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
3 1 Bedroom	30%	30%	\$336
2 2 Bedrooms	30%	30%	\$403
2 1 Bedroom	40%	40%	\$448
13 1 Bedroom	40%	40%	\$448
3 2 Bedrooms	40%	40%	\$538
5 1 Bedroom	50%	50%	\$560
6 1 Bedroom	60%	60%	\$672
1 2 Bedrooms	60%	60%	\$806
6 1 Bedroom	80%	60%	\$672
1 3 Bedrooms	Manager's Unit	Manager's Unit	\$0
3 1 Bedroom	Market Rate Unit	Market Rate Unit	\$750
2 2 Bedrooms	Market Rate Unit	Market Rate Unit	\$910

Project Cost Summary at Application

Land and Acquisition	\$1,358,500
Construction Costs	\$12,227,500
Rehabilitation Costs	\$0
Construction Contingency	\$881,198
Relocation	\$0
Architectural/Engineering	\$900,000
Const. Interest, Perm. Financing	\$1,012,255
Legal Fees	\$220,000
Reserves	\$220,228
Other Costs	\$1,003,004
Developer Fee	\$1,988,931
Commercial Costs	\$0
Total	\$19,811,616

Residential

Construction Cost Per Square Foot:	\$305
Per Unit Cost:	\$421,524
True Cash Per Unit Cost*:	\$391,918

Construction Financing

Source	Amount
US Bank	\$12,301,881
City of Kingsburg Land Donation	\$1,001,000
City of Kingsburg Impact Fee Loan	\$390,460
County of Fresno - HOME	\$1,000,000
Housing Relinquished Fund Corp.	\$1,950,000
Deferred Costs	\$1,709,159
Tax Credit Equity	\$1,459,116

Permanent Financing

Source	Amount
US Bank	\$879,000
City of Kingsburg Land Donation	\$1,001,000
City of Kingsburg Impact Fee Loan	\$390,460
County of Fresno - HOME	\$1,000,000
Housing Relinquished Fund Corp.	\$1,950,000
Tax Credit Equity	\$14,591,156
TOTAL	\$19,811,616

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$15,907,030
130% High Cost Adjustment:	No
Applicable Fraction:	88.58%
Qualified Basis:	\$14,090,616
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$1,268,155
Total State Credit:	\$4,117,451
Approved Developer Fee in Project Cost:	\$1,988,931
Approved Developer Fee in Eligible Basis:	\$1,400,000
Investor/Consultant:	California Housing Partnership Corporation
Federal Tax Credit Factor:	\$0.93991
State Tax Credit Factor:	\$0.71993

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:	\$15,907,030
Actual Eligible Basis:	\$17,335,699
Unadjusted Threshold Basis Limit:	\$11,777,834
Total Adjusted Threshold Basis Limit:	\$15,907,030

Adjustments to Basis Limit

- Required to Pay State or Federal Prevailing Wages
- Local Development Impact Fees
- 95% of Upper Floor Units are Elevator-Serviced

Tie-Breaker Information

First:	Seniors
Final:	34.619%

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 meet or 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, 3.30%. Applicants are cautioned to consider the expected federal rate when negotiating with investors. TCAC's financial evaluation at project completion will determine the final

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 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 ½ mile of transit (van or dial-a-ride service for rural set-aside)	4	4	4
Within 1 mile of public park or community center open to general public	3	3	3
Within 1 mile of public library	3	3	3
Within 2 miles of a full-scale grocery/supermarket of at least 25,000 sf	4	4	4
Senior project within 1 mile of daily operated senior center/facility	3	3	3
Within 1 mile of medical clinic or hospital	3	3	3
Within 1 mile of a pharmacy	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
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
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.