

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
April 14, 2020

Fancher Creek Senior Apartments, located at Northeast corner of Marion Avenue and Fancher Creek Drive in Fresno, requested and is being recommended for a reservation of \$927,522 in annual federal tax credits and \$6,220,121 in total state tax credits to finance the new construction of 178 units of housing serving seniors with rents affordable to households earning 50%-70% 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 MIP program of CalHFA.

Project Number CA-20-516

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:	\$927,522	\$6,220,121
Recommended:	\$927,522	\$6,220,121

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

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) or Principal Owner(s): Dominus Consortium, LLC
Community Revitalization and Development Corp.
General Partner Type: Joint Venture
Parent Company(ies): Essayons, LP & Lance-Kashian & Company
Community Revitalization and Development Corp.
Developer: Dominus Consortium, LLC
Investor/Consultant: Red Stone Equity Partners
Management Agent: GFI Properties, Inc.

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 2
 Total # of Units: 180
 No. / % of Low Income Units: 178 100.00%
 Federal Set-Aside Elected: 40%/60%
 Federal Subsidy: Tax-Exempt / HOME / CDBG

Bond Information

Issuer: California Housing Finance Authority
 Expected Date of Issuance: July 17, 2020

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>
50% AMI: 54	30%
60% AMI: 106	60%
70% AMI: 18	10%

Unit Mix

144 1-Bedroom Units
 36 2-Bedroom Units

 180 Total Units

<u>Unit Type & Number</u>	<u>2019 Rents Targeted % of Area Median Income</u>	<u>2019 Rents Actual % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
43 1 Bedroom	50%	50%	\$608
87 1 Bedroom	60%	60%	\$729
14 1 Bedroom	70%	70%	\$851
11 2 Bedrooms	50%	50%	\$730
19 2 Bedrooms	60%	60%	\$876
4 2 Bedrooms	70%	70%	\$1,022
2 2 Bedrooms	Manager's Unit	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$2,250,000
Construction Costs	\$20,077,826
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$996,535
Soft Cost Contingency	\$250,000
Relocation	\$0
Architectural/Engineering	\$625,000
Const. Interest, Perm. Financing	\$1,814,892
Legal Fees	\$185,000
Reserves	\$469,050
Other Costs	\$1,777,494
Developer Fee	\$3,403,000
Commercial Costs	\$0
Total	\$31,848,797

Residential

Construction Cost Per Square Foot:	\$121
Per Unit Cost:	\$176,938
True Cash Per Unit Cost*:	\$167,192

Construction Financing

<u>Source</u>	<u>Amount</u>
Bank of the West - Tax Exempt	\$18,526,332
Bank of the West	\$3,618,073
City of Fresno - HOME	\$1,420,500
City of Fresno - CDBG	\$2,259,784
Deferred Developer Fee	\$3,403,000
Tax Credit Equity	\$2,621,108

Permanent Financing

<u>Source</u>	<u>Amount</u>
City of Fresno - HOME	\$1,420,500
City of Fresno - CDBG	\$2,259,784
CalHFA	\$8,808,815
CalHFA - MIP	\$4,500,000
Deferred Developer Fee	\$1,754,157
Tax Credit Equity	\$13,105,541
TOTAL	\$31,848,797

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$28,627,220
130% High Cost Adjustment:	No
Applicable Fraction:	100.00%
Qualified Basis:	\$28,627,220
Applicable Rate:	3.24%
Total Maximum Annual Federal Credit:	\$927,522
Total State Credit:	\$6,220,121
Approved Developer Fee (in Project Cost & Eligible Basis):	\$3,403,000
Investor/Consultant:	Red Stone Equity Partners
Federal Tax Credit Factor:	\$0.91000
State Tax Credit Factor:	\$0.75000

Except as allowed for projects basing cost on assumed third party debt, the “as if vacant” land value and the existing improvement value established at application for all projects, 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. 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:	\$28,627,220
Actual Eligible Basis:	\$28,627,220
Unadjusted Threshold Basis Limit:	\$51,336,288
Total Adjusted Threshold Basis Limit:	\$73,909,325

Adjustments to Basis Limit

95% of Upper Floor Units are Elevator-Serviced

55-Year Use/Affordability Restriction – 1% for Each 1% of Low-Income and Market Rate Units are Income Targeted between 50% AMI & 36% AMI: 33%

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 3.24% 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.

Standard Conditions

If applicant is receiving tax-exempt bond financing from other than CalHFA, the applicant shall apply for a bond allocation from the California Debt Limit Allocation Committee's next scheduled meeting, if not previously granted an allocation; shall have received an allocation from CDLAC; and, shall issue bonds within time limits specified by CDLAC.

The applicant anticipates financing more than 50% of the project aggregate basis with tax-exempt bond proceeds as calculated by the project tax professional. Therefore, the federal credit reserved for this project will not count against the annual ceiling.

State tax credit recipients are limited to cash distributions from project operations pursuant to California Revenue and Taxation Code Section 12206(d). By accepting the tax credit reservation, the applicant/owner is agreeing to comply with the statutory limitations and requirements.

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 reservation 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.

CDLAC Additional Conditions

The applicant/owner is required to comply with the CDLAC Resolution. At the time of the TCAC placed in service review, TCAC staff will verify that the project is in compliance with all applicable items of CDLAC Resolution Exhibit A.