

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

2021 First Round

June 16, 2021

The Arthur at Blackstone, located at 3039 North Blackstone Avenue in Fresno, requested and is being recommended for a reservation of \$1,938,867 in annual federal tax credits to finance the new construction of 40 units of housing serving special needs tenants with rents affordable to households earning 30-60% of area median income (AMI). The project will be developed by Housing Authority of the City of Fresno and will be located in Senate District 8 and Assembly District 31.

The Arthur at Blackstone will be receiving rental assistance in the form of HUD Section 8 Project-based Vouchers and RAD. The project financing includes state funding from the NPLH and IIG programs of HCD.

Project Number CA-21-044

Project Name The Arthur at Blackstone
Site Address: 3039 N. Blackstone Avenue
Fresno, CA 93703 County: Fresno
Census Tract: 35.000

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$1,938,867	\$0
Recommended only if the Committee approves the pending appeal:	\$1,938,867	\$0

Applicant Information

Applicant: Housing Authority of the City of Fresno
Contact: Michael Duarte
Address: 1331 Fulton Street
Fresno, CA 93721
Phone: 559-443-8492
Email: mduarte@fresnohousing.org

General Partner(s) / Principal Owner(s): Housing Authority of the City of Fresno
Silvercrest, Inc.
General Partner Type: Nonprofit
Parent Company(ies): Housing Authority of the City of Fresno
Silvercrest, Inc.
Developer: Housing Authority of the City of Fresno
Investor/Consultant: CREA
Management Agent(s): Fresno Housing Authority

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 3
 Total # of Units: 41
 No. & % of Tax Credit Units: 40 100%
 Federal Set-Aside Elected: 40%/60%
 Federal Subsidy: HUD Section 8 Project-based Vouchers (20 units - 50%) /
 HUD RAD (20 units - 50%) / HOME

Information

Set-Aside: Special Needs
 Housing Type: Special Needs
 Type of Special Needs: Homeless
 Average Targeted Affordability of Special Needs/SRO Project Units: 39.00%
 % of Special Need Units: 20 units 50.00%
 Geographic Area: Central Valley Region
 TCAC Project Analyst: Brett Andersen

55-Year Use / Affordability

Aggregate Targeting Number of Units	Percentage of Affordable Units
At or Below 30% AMI: 22	55%
At or Below 40% AMI: 4	10%
At or Below 50% AMI: 10	25%

Unit Mix

15 SRO/Studio Units
 12 1-Bedroom Units
 8 2-Bedroom Units
 6 3-BedroomUnits

 41 Total Units

Unit Type & Number	2021 Rents Targeted % of Area Median Income	Proposed Rent (including utilities)
15 SRO/Studio	30%	\$367
5 1 Bedroom	30%	\$393
7 1 Bedroom	50%	\$656
1 2 Bedrooms	30%	\$472
2 2 Bedrooms	40%	\$630
3 2 Bedrooms	50%	\$787
2 2 Bedrooms	60%	\$870
1 3 Bedrooms	30%	\$545
2 3 Bedrooms	40%	\$727
2 3 Bedrooms	60%	\$1,090
1 3 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$865,737
Construction Costs	\$15,874,904
Rehabilitation Costs	\$0
Construction Contingency	\$984,460
Relocation	\$39,509
Architectural/Engineering	\$987,726
Const. Interest, Perm. Financing	\$1,020,292
Legal Fees	\$173,404
Reserves	\$388,629
Other Costs	\$839,824
Developer Fee	\$2,200,000
Commercial Costs	\$733,080
Total	\$24,107,565

Residential

Construction Cost Per Square Foot:	\$459
Per Unit Cost:	\$569,451
True Cash Per Unit Cost*:	\$569,451

Construction Financing

Source	Amount
US Bank	\$15,993,017
City of Fresno - HOME	\$1,633,112
Fresno HA Loan	\$1,000,000
HCD - IIG	\$1,833,700
Deferred Costs	\$2,033,629
Tax Credit Equity	\$1,614,107

Permanent Financing

Source	Amount
City of Fresno - HOME	\$1,633,112
Housing Authority of the City of Fresno	\$1,000,000
HCD - NPLH	\$3,499,685
HCD - IIG	\$1,833,700
Tax Credit Equity	\$16,141,068
TOTAL	\$24,107,565

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$16,571,512
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$21,542,966
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$1,938,867
Approved Developer Fee in Project Cost:	\$2,200,000
Approved Developer Fee in Eligible Basis:	\$2,172,996
Investor/Consultant:	CREA
Federal Tax Credit Factor:	\$0.83250

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.

Tie-Breaker Information

First:	Special Needs
Final:	58.921%

Significant Information / Additional Conditions

Development costs are roughly \$569,451 per unit. This can attributed to existing structures on land when it was acquired, and market costs of construction.

Resyndication and Resyndication Transfer Event: None

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.

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 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.

If the applicant has requested the use of a CUAC utility allowance, TCAC's Compliance staff will review the CUAC documentation for this project prior to placed in service. Until written approval is received from TCAC, this project is not eligible to use a utility allowance based on the CUAC.

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

Points System	Max. Possible Points	Requested Points	Points Awarded
Owner / Management Characteristics	10	10	10
General Partner Experience	7	7	7
Management Experience	3	3	3
Housing Needs	10	10	10
Site Amenities	15	15	15
Within ½ 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	3
Within ½ mile of a full-scale grocery/supermarket of at least 25,000 sf	5	5	5
Within 1/2 mile of a public middle school	3	3	3
Within ½ 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
SPECIAL NEEDS HOUSING TYPE			
Service Coordinator/Other Services Specialist, min. ratio 1 FTE to 360 bdrms	5	5	5
Adult ed/health & wellness/skill bldg classes, min. 84 hrs/yr instruction	5	5	5
Health/behavioral services provided by licensed org. or individual	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	109	109	109

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.**