

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**

**Project Staff Report**

**2021 Second Round**

**November 17, 2021**

The Arthur at Blackstone, located at 3039 North Blackstone Avenue in Fresno, requested and is being recommended for a reservation of \$1,842,831 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 project will be receiving rental assistance in the form of HUD Section 8 Project-based Vouchers. The project financing includes state funding from the NPLH and IIG programs of HCD.

**Project Number** CA-21-100

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

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total</b>
Requested:	\$1,842,831	\$0
Recommended:	\$1,842,831	\$0

**Applicant Information**

Applicant: Housing Authority of the City of Fresno, CA  
Contact: Angelina Nguyen  
Address: 1331 Fulton Street  
Fresno, CA 93721  
Phone: 559-443-8439  
Email: [anguyen@fresnohousing.org](mailto:anguyen@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  
Housing Authority of the City of Fresno  
Developer: Housing Authority of the City of Fresno  
Investor/Consultant: Red Stone Equity Partners, LLC  
Management Agent(s): Fresno Housing Authority

**Project Information**

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

**Information**

Set-Aside: N/A  
 Housing Type: Special Needs and Large Family  
 Type of Special Needs: Transition age youth  
 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: Sarah Gullikson

**55-Year Use / Affordability**

<b>Aggregate Targeting Number of Units</b>	<b>Percentage of Affordable Units</b>
At or Below 30% AMI: 22	55%
At or Below 40% AMI: 4	10%
At or Below 50% AMI: 10	25%
At or Below 60% AMI: 4	10%

**Unit Mix**

15 SRO/Studio Units
12 1-Bedroom Units
8 2-Bedroom Units
6 3-BedroomUnits
<b>41 Total Units</b>

<b>Unit Type &amp; Number</b>	<b>2021 Rents Targeted % of Area Median Income</b>	<b>Proposed Rent (including utilities)</b>
15 SRO/Studio	30%	\$366
5 1 Bedroom	30%	\$392
7 1 Bedroom	50%	\$653
1 2 Bedrooms	30%	\$471
2 2 Bedrooms	40%	\$628
3 2 Bedrooms	50%	\$785
2 2 Bedrooms	60%	\$870
1 3 Bedrooms	30%	\$543
2 3 Bedrooms	40%	\$725
2 3 Bedrooms	60%	\$1,087
1 3 Bedrooms	Manager's Unit	\$0

**Project Cost Summary at Application**

Land and Acquisition	\$1,196,745
Construction Costs	\$15,539,896
Rehabilitation Costs	\$0
Construction Contingency	\$1,333,050
Relocation	\$39,509
Architectural/Engineering	\$987,726
Const. Interest, Perm. Financing	\$915,865
Legal Fees	\$173,404
Reserves	\$455,080
Other Costs	\$835,982
Developer Fee	\$2,200,000
Commercial Costs	\$740,717
<b>Total</b>	<b>\$24,417,974</b>

## **Residential**

Construction Cost Per Square Foot:	\$449
Per Unit Cost:	\$576,835
True Cash Per Unit Cost*:	\$576,835

### **Construction Financing**

<u>Source</u>	<u>Amount</u>
US Bank	\$15,152,498
City of Fresno HOME	\$1,633,112
Fresno Housing Authority HRFC	\$2,000,000
Fresno Housing Authority	\$500,000
HCD IIG (Sponsor Loan)	\$1,833,700
Deferred Costs	\$1,780,080
Accrued Interest	\$26,040
Tax Credit Equity	\$1,492,544

### **Permanent Financing**

<u>Source</u>	<u>Amount</u>
City of Fresno HOME	\$1,633,112
Fresno Housing Authority HRFC	\$2,000,000
Fresno Housing Authority	\$500,000
HCD IIG (Sponsor Loan)	\$1,833,700
HCD NPLH	\$3,499,685
Accrued Interest	\$26,040
Tax Credit Equity	\$14,925,437
<b>TOTAL</b>	<b>\$24,417,974</b>

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

### **Determination of Credit Amount(s)**

Requested Eligible Basis:	\$15,750,691
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$20,475,898
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$1,842,831
Approved Developer Fee in Project Cost:	\$2,200,000
Approved Developer Fee in Eligible Basis:	\$2,172,996
Investor/Consultant:	Red Stone Equity Partners, LLC
Federal Tax Credit Factor:	\$0.80992

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:	<b>Special Needs</b>
Final:	<b>66.751%</b>

### **Significant Information / Additional Conditions**

The 20 Special Needs units do not include a utility allowance. The owner will pay all utilities on these units. The remaining 20 Large Family units will use the utility allowance provided by the Housing Authority.

This project will include the new construction of 2 buildings consisting of 30 total units and the adaptive reuse of an existing commercial building constructed in the 1950's and vacant approximately 10 years. The commercial building is located adjacent to the new construction site and will be renovated and reconfigured to include 11 total units, as well as commercial and community space. Upon completion, the project will include 40 LIHTC units and 1 manager's unit.

**Resyndication and Resyndication Transfer Event:** None.

**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.

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 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>10</b>	<b>10</b>	<b>10</b>
General Partner Experience	7	7	7
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 1/8 mile of transit, service every 30 min, 25 units/acre density	7	7	7
Within 1/2 mile of public park or community center open to general public	3	3	3
Within 1/2 mile of a full-scale grocery/supermarket of at least 25,000 sf	5	5	5
Within 1/2 mile of public middle school	3	3	3
Within 1/2 mile of a pharmacy	2	2	2
<b>Service Amenities</b>	<b>10</b>	<b>10</b>	<b>10</b>
<b>LARGE FAMILY, SENIOR, AT-RISK HOUSING TYPES</b>			
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
<b>SPECIAL NEEDS HOUSING TYPE</b>			
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
<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
<b>Total Points</b>	<b>109</b>	<b>109</b>	<b>109</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.**