

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**  
**Project Staff Report**  
**Tax-Exempt Bond Project**  
**March 26, 2008**

**Project Number** CA-2008-830

**Project Name** Yosemite Village  
Address: 811 W. California Ave.  
Fresno, CA 93706 County: Fresno

**Applicant Information**

Applicant: YEC Limited  
Contact: 1331 Fulton Mall  
Address: Fresno, CA 93721  
Phone: (559) 443-8478 Fax: (559) 443-8422  
Sponsors Type: Nonprofit

**Bond Information**

Issuer: Housing Authority of the City of Fresno  
Expected Date of Issuance: May, 2008  
Credit Enhancement: None

**Eligible Basis**

Actual: \$8,103,944  
Requested: \$8,103,944  
Maximum Permitted: \$19,968,942

Extra Feature Adjustments:  
Required to Pay Prevailing Wages: 20%   
55-Year Use/Rent Restriction Adjustment:

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total</b>
Requested:	\$356,988	\$0
Recommended:	\$356,988	\$0

**Project Information**

Construction Type: New Construction/Rehabilitation  
Federal Subsidy: Tax-Exempt/HOPE VI  
HCD MHP Funding: No  
Total # of Units: 69  
Total # Residential Buildings: 33

**Income/Rent Targeting**

Federal Setaside Elected: 40%/60%  
% & No. of Targeted Units: 100%-68 units  
55-Year Use/Affordability Restriction: Yes  
Number of Units @ or below 50% of area median income: 7  
Number of Units @ or below 60% of area median income: 61

<u>Unit Type &amp; Number</u>	<u>2008 Rents % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
1 One-Bedroom	50%	\$294
4 One-Bedroom	60%	\$294
2 Two-Bedroom	50%	\$299
12 Two-Bedroom	60%	\$299
2 Three-Bedroom	50%	\$304
8 Three-Bedroom	60%	\$304
24 Three-Bedroom	60%	\$351
2 Four-Bedroom	50%	\$309
4 Four-Bedroom	60%	\$309
9 Four-Bedroom	60%	\$361
1 Three-Bedroom	Manager's unit	\$0

The general partners or principal owners are Silvercrest, Inc. and the Housing Authority of the City of Fresno.

The project developer is Better Opportunities Builder, Inc.

The management services will be provided by GSF Properties, Inc.

The market analysis was provided by Property Dynamics.

The Local Reviewing Agency, the Housing Authority of the City of Fresno, has completed a site review of this project and supports this project.

**Project Financing**

Estimated Total Project Cost: \$11,031,122 Per Unit Cost: \$159,871 Construction Cost Per Sq. Foot: \$79

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
T/E Bonds	\$6,000,000	T/E Bonds	\$825,000
HA of the City of Fresno	\$2,500,000	HA of the City of Fresno	\$2,500,000
HOPE VI	\$702,455	HOPE VI	\$4,400,000
Deferred Developer Fee	\$864,799	School Fee Waiver	\$93,228
Investor Equity	\$963,868	Investor Equity	\$3,212,894
		<b>TOTAL</b>	<b>\$11,031,122</b>

**Determination of Credit Amount(s)**

Requested Eligible Basis:	\$8,103,944
130% High Cost Adjustment:	Yes
Applicable Fraction:	100%
Qualified Basis:	\$10,535,127
Applicable Rate:	3.60%
Total Maximum Annual Federal Credit:	\$356,988
Approved Developer Fee:	\$864,799
Tax Credit Factor:	\$.9000

Applicant requests and staff recommends annual federal credits of \$356,988 based on a qualified basis of \$10,535,127 and a funding shortfall of \$3,212,894. Applicant has been cautioned that the contractor overhead, profit and general requirements exceed TCAC maximums. Should this condition exist at placed-in-service, TCAC will reduce the maximum allowable amount of tax credits to bring the project into compliance.

**Cost Analysis and Line Item Review**

The requested eligible basis \$8,103,944 is below TCAC's adjusted threshold basis limit \$19,968,942. The basis limit includes the adjustment for extraordinary features for projects that are required to pay state or federal prevailing wages. Staff analysis of project costs to determine reasonableness found most fees to be within TCAC's underwriting guidelines and TCAC limitation.

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 3.60% of the qualified basis. Unless the applicant fixed the rate at bond issuance, the Federal Rate applicable to the month the project is placed-in-service will be used to determine the final allocation.

**Special Issues/Other Significant Information:** 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.

The IRS has advised TCAC that the amount of tax-exempt bonds issued, equivalent to at least 50% of aggregate basis, must remain in place through the first year of the credit period or until eligible basis is finally determined.

**Recommendation:** Staff recommends that the Committee make a reservation of tax credits in the following amount(s) contingent upon standard conditions and any additional conditions imposed by the Committee:

Federal/Annual	State/Total
<b>\$356,988</b>	<b>\$0</b>

**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.

TCAC makes the 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 will be permitted without the express approval of TCAC.

The applicant must pay TCAC an 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 anticipated to be the final project costs, staff recommends that a reservation be made in the amount of federal credit shown above on condition that the final project costs be supported by itemized lender approved costs, and certified costs of the buildings as completed.

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 credits 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.

**Additional Conditions:** The applicant/owner is required to provide the tenants with after-school programs and educational classes for a minimum of ten (10) years in accordance with the bond allocation from CDLAC. These services may be changed to meet the needs of the tenants upon prior approval from CDLAC and written notification to TCAC.

Project Analyst: gb