CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
July 17, 2013

Project Number	CA-13-851

Project Name Droge Apartments

Site Address:	802 and 814 Van Ness Avenue
	Fresno, CA 93721 County: Fresno
Census Tract:	1.000

Tax Credit Amounts	**Federal/Annual**	**State/Total**
Requested:	$413,155	$0
Recommended:	$413,155	$0

Applicant Information

Applicant:	Housing Authority of the City of Fresno
Contact:	Preston Prince
Address:	1331 Fulton Mall
	Fresno, CA 93721
Phone:	559-443-8475 Fax: 559-445-8981
Email:	pprince@fresnohousing.org

General Partner(s) or Principal Owner(s):	Housing Authority of the City of Fresno Silvercrest, Inc.
General Partner Type:	Nonprofit
Developer:	Housing Authority of the City of Fresno
Investor/Consultant:	California Housing Partnership Corporation
Management Agent:	GSF Properties

Project Information

Construction Type:	New Construction
Total # Residential Buildings:	1
Total # of Units:	45
No. & % of Tax Credit Units:	44 100.00%
Federal Set-Aside Elected:	40%/60%
Federal Subsidy:	Tax-Exempt / HOME
HCD MHP Funding:	No
55-Year Use/Affordability:	Yes
Number of Units @ or below 50% of area median income:	10
Number of Units @ or below 60% of area median income:	34

Bond Information

Issuer:	Housing Authority of the City of Fresno
Expected Date of Issuance:	October 1, 2013
Credit Enhancement:	N/A

Information

Housing Type:	Non-Targeted
Geographic Area:	Central Valley Region
TCAC Project Analyst:	Benjamin Schwartz

Unit Mix

6	SRO/Studio Units
30	1-Bedroom Units
8	2-Bedroom Units
44	Total Units

Unit Type & Number		2013 Rents Targeted % of Area Median Income	2013 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
2	SRO/Studio	50%	50%	$502
6	1 Bedroom	50%	50%	$538
2	2 Bedrooms	50%	50%	$645
4	SRO/Studio	60%	58%	$578
24	1 Bedroom	60%	60%	$645
6	2 Bedrooms	60%	60%	$774
1	2 Bedrooms	Manager’s Unit	Manager’s Unit	$0

Project Financing

Estimated Total Project Cost:	$11,256,908
Estimated Residential Project Cost:	$11,256,908

Residential

Construction Cost Per Square Foot:	$184
Per Unit Cost:	$250,154

Construction Financing

Source	Amount
Tax Exempt Construction Loan	$6,874,774
Housing Relinquished Fund Corp. (HRFC)	$677,886
HRFC Accrued Interest	$21,733
City of Fresno - HOME	$1,800,000
City of Fresno - HOME Accrued Interest	$48,268
City of Fresno - Fee Waiver	$181,345
Costs Deferred During Construction	$1,050,027
Deferred Developer Fee	$158,919
Tax Credit Equity	$443,956

Permanent Financing

Source	Amount
Tax Exempt Permanent Loan	$1,263,900
HRFC Loan	$3,443,035
HRFC Accrued Interest	$21,733
City of Fresno - HOME	$1,800,000
City of Fresno - HOME Accrued Interest	$48,268
City of Fresno - Fee Waiver	$181,345
Better Opportunities Builder Inc.	$700,000
Deferred Developer Fee	$158,919
Tax Credit Equity	$3,639,708
TOTAL	**$11,256,908**

Determination of Credit Amount(s)

Requested Eligible Basis:	$9,931,603
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	$12,911,084
Applicable Rate:	3.20%
Total Maximum Annual Federal Credit:	$413,155
Approved Developer Fee (in Project Cost & Eligible Basis):	$1,295,426
Investor/Consultant:	California Housing Partnership Corporation
Federal Tax Credit Factor:	$0.88095

Per Regulation Section 10322(i)(4)(A), 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, will be used during all subsequent reviews including the placed in service review, for the purpose of determining the final award of Tax Credits.

Per Regulation Section 10327(c)(2)(C), Once established at the initial funded application, the developer fee cannot be increased, but may be decreased, in the event of a modification in basis.

Eligible Basis and Basis Limit

Requested Unadjusted Eligible Basis:	$9,931,603
Actual Eligible Basis:	$9,931,603
Unadjusted Threshold Basis Limit:	$7,615,276
Total Adjusted Threshold Basis Limit:	$10,274,813

Adjustments to Basis Limit:

Local Development Impact Fees
95% of Upper Floor Units are Elevator-Serviced
55-Year Use/Affordability Restriction – 1% for Each 1% of Low-Income Units are Income Targeted between 50% AMI & 36% AMI: 22%

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 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 3.20% 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.

Special Issues/Other Significant Information: None

Local Reviewing Agency:

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

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

Federal Tax Credits/Annual	State Tax Credits/Total
$413,155	**$0**

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.

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.

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.

Additional Conditions: The applicant/owner is required to complete the following sustainable building methods in accordance with the bond allocation from CDLAC and provide the applicable certifications and documentation when the TCAC placed-in-service application is submitted:

- The project commits to becoming certified under any one of the following programs:
GreenPoint Rated Multifamily Guidelines
- The project will be developed beyond the minimum requirements of the green building program by meeting the GreenPoint Rated 100 standard.
- The project will exceed Title 24 Standards for New Construction / Adaptive Reuse by 17.5% of the California Building Code.