

**CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Qualified Private Activity Tax-Exempt Bond Project
December 11, 2024**

Dakota, located at 3787 North Blackstone Avenue in Fresno on a 1.36 acre site, requested and is being recommended for a reservation of \$2,585,113 in annual federal tax credits and \$35,875,300 of tax-exempt bond cap to finance the new construction of 114 units of housing, consisting of 113 restricted rental units and 1 unrestricted manager's unit. The project will have 54 one-bedroom units, 30 two-bedroom units, and 30 three-bedroom units, serving families with rents affordable to households earning 30%-60% of area median income (AMI). The construction is expected to begin in May 2025 and be completed in September 2026. The project will be developed by UP Holdings California, LLC and will be located in Senate District 14 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 Infill Infrastructure Grant (IIG) and the Affordable Housing and Sustainable Communities (AHSC) programs of HCD.

Project Number CA-24-601

Project Name Dakota
Site Address: 3787 North Blackstone Avenue
Fresno, CA 93726
County: Fresno
Census Tract: 49.01

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$2,585,113	\$0
Recommended:	\$2,585,113	\$0

Tax-Exempt Bond Allocation
Recommended: \$35,875,300

CTCAC Applicant Information
CTCAC Applicant/CDLAC Sponsor: Dakota Fresno LP
Contact: Sarah Ritten
Address: 6083 North Figarden Drive #656
Fresno, CA 93722
Phone: 708-207-4983
Email: sarah@upholdings.net

Bond Financing Information
CDLAC Applicant/Bond Issuer: CMFA
Bond Counsel: Jones Hall, A Professional Law Corporation
Private Placement Purchaser: U.S. Bank National Association

Development Team

General Partner(s) or Principal Owner(s): Housing on Merit XXVI LLC
 UP Dakota LLC
 RHCBC Dakota LLC

General Partner Type: Joint Venture

Parent Company(ies): Housing on Merit
 UP Holdings California, LLC
 RHCBC Development LP

Developer: UP Holdings California, LLC

Investor/Consultant: Enterprise Housing Credit Investments

Management Agent: GSF Properties Inc.
 UPA, LLC

Project Information

Construction Type: New Construction

Total # Residential Buildings: 1

Total # of Units: 114

No. / % of Low Income Units: 113 100.00%

Average Targeted Affordability: 48.96%

Federal Set-Aside Elected: 40%/60%

Federal Subsidy: Tax-Exempt / HUD Section 8 Project-based Vouchers (45 Units - 39%)

Information

Housing Type: Large Family

Geographic Area: Central Valley Region

State Ceiling Pool: New Construction

Set Aside: Extremely Low/Very Low Income Set Aside

CDLAC Project Analyst: Erin Deblaquiere

CTCAC Project Analyst: Cynthia Compton

55-Year Use / Affordability

Aggregate Targeting	Number of Units	Percentage of Affordable Units
30% AMI:	30	27%
50% AMI:	32	28%
60% AMI:	51	45%

Unit Mix

54 1-Bedroom Units

30 2-Bedroom Units

30 3-Bedroom Units

114 Total Units

Unit Type & Number	2024 Rents Targeted % of Area Median Income	Proposed Rent (including utilities)
8 1 Bedroom	30%	\$495
8 1 Bedroom	30%	\$495
6 2 Bedrooms	30%	\$594
8 3 Bedrooms	30%	\$685
12 1 Bedroom	50%	\$825
5 2 Bedrooms	50%	\$990
15 3 Bedrooms	50%	\$1,143
8 1 Bedroom	60%	\$990
17 1 Bedroom	60%	\$990
19 2 Bedrooms	60%	\$1,160
7 3 Bedrooms	60%	\$1,371
1 1 Bedroom	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$926,702
Construction Costs	\$46,256,051
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$2,310,940
Soft Cost Contingency	\$119,963
Relocation	\$0
Architectural/Engineering	\$2,114,849
Const. Interest, Perm. Financing	\$6,743,340
Legal Fees	\$450,000
Reserves	\$370,477
Other Costs	\$2,633,651
Developer Fee	\$8,400,000
Commercial Costs	\$0
Total	\$70,325,973

Residential

Construction Cost Per Square Foot:	\$355
Per Unit Cost:	\$616,895
Estimated Hard Per Unit Cost:	\$341,171
True Cash Per Unit Cost*:	\$616,895
Bond Allocation Per Unit:	\$314,696
Bond Allocation Per Restricted Rental Unit:	\$317,481

Construction Financing		Permanent Financing	
<u>Source</u>	<u>Amount</u>	<u>Source</u>	<u>Amount</u>
US Bank: Tax-Exempt	\$35,875,300	US Bank: Tax-Exempt	\$4,504,099
US Bank: Taxable	\$20,558,226	City of Fresno: HOME	\$3,000,000
City of Fresno: HOME	\$3,000,000	HCD: IIG	\$1,204,947
HCD: IIG	\$1,204,947	HCD: AHSC	\$33,184,957
Developer Contribution	\$4,700,000	Developer Contribution	\$4,700,000
Deferred Developer Fee	\$1,500,000	Deferred Developer Fee	\$1,500,000
Tax Credit Equity	\$3,487,500	Tax Credit Equity	\$22,231,970
		TOTAL	\$70,325,973

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$64,686,170
130% High Cost Adjustment:	No
Applicable Fraction:	100.00%
Qualified Basis:	\$64,686,170
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$2,585,113
Approved Developer Fee (in Project Cost & Eligible Basis):	\$8,400,000
Federal Tax Credit Factor:	\$0.86000
State Tax Credit Factor:	\$0.83000

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.

CTCAC Significant Information / Additional Conditions: None.

CDLAC Analyst Comments: 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.

CTCAC 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 CTCAC.

The applicant must pay CTCAC a reservation fee calculated in accordance with regulation. Additionally, CTCAC 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 CTCAC 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, CTCAC's Compliance staff will review the CUAC documentation for this project prior to placed in service. Until written approval is received from CTCAC, 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 CTCAC 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 CTCAC in its final feasibility analysis.

CDLAC Additional Conditions

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

If points were awarded by CDLAC for housing type, the project shall comply with the housing type requirements at the time of CTCAC's Placed In Service review. The housing type requirement shall be conditioned in the CTCAC Regulatory Agreement and CTCAC Compliance staff shall verify the project is meeting those housing type requirements, consistent with California Code of Regulations, title 4, section 10322(i).

Point Criteria	New Const. Max. Points	Rehabilitation Max. Points	Points Scored
Preservation and Other Rehabilitation Project Priorities	0	20	0
New Construction Density and Local Incentives	10	0	10
Exceeding Minimum Income Restrictions	20	20	20
Exceeding Minimum Rent Restrictions	10	10	10
General Partner Experience	7	7	7
Management Company Experience	3	3	3
Housing Needs	10	0	10
Leveraged Soft Resources	8	8	8
Readiness to Proceed	10	10	10
Affirmatively Furthering Fair Housing	10	0	10
Site Amenities	10	10	10
Service Amenities	10	10	10
Cost Containment	12	12	12
Negative Points	No Maximum		0
Total Points	120	110	120

The criteria for which points are awarded will also be incorporated into the Resolution transferring Allocation to the Applicant as well as the appropriate bond documents and loan and finance agreements.

Tie Breaker: 103.630%