



HOUSING PRESERVATION NEWS

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Parc Grove Commons: Neighborhood Revitalization in Fresno Made Possible through \$5.7 million in Federal Stimulus Funds



Project Background

Today marks the Grand Opening of Parc Grove Commons, a 215-apartment mixed income community developed on the site of a outdated World War II era public housing project by the Housing Authority of the City of Fresno (HACF) and made possible through \$5.7 million in federal stimulus funds from the 2009 American Recovery and Reinvestment Act (ARRA). "The construction of Parc Grove Commons would never have begun without ARRA public housing stimulus funds that allowed us to close the gap that was created when the equity markets experienced a downturn," said Preston Prince, HACF Executive Director.

Under prior leadership, HACF previously demolished 200 public housing units in 2005 to make way for the 215 units in Parc Grove Commons. While in the previous public housing, residents could qualify with incomes up to 80% of the AMI, the new community targets low and very low income families at 0-60% of the AMI, with 31 units of public housing, 72 units of project-based vouchers and 100% of the property meeting tax-credit rent restrictions. Residents who lived in the old apartment buildings were relocated to other subsidized apartments during construction and were given first priority to return once Parc Grove was finished.

This energy-efficient neighborhood revitalization effort has received widespread attention for leveraging federal stimulus funding with private sector partnerships to create hundreds of jobs and affordable housing for Fresno's lowest income residents. "For every housing unit, I think the multiplier is about two jobs. So there have been about 400 jobs created over the course of construction," said Prince.

Financing Challenges

In late 2008, the HACF successfully received an allocation of tax exempt bonds and 4% Low Income Housing Tax Credits (LIHTCs) along with an \$8.2 million permanent loan from the state Multifamily Housing Program (MHP), which was funded by the voter approved Proposition 1C housing bonds from 2006. However, with the onset of the national economic crisis, Parc Grove was unable to find either a mortgage lender or an investor.

The search for a lender was further complicated when the state's Pooled Money Investment Board (PMIB) froze all bond sales and prohibited HCD from issuing enforceable financing commitments, including the \$8.2 million in MHP funds. With a frozen MHP award and no lender or investor, HACF regrouped with help from the California Housing Partnership Corporation in early 2009 and restructured the financing strategy to focus on obtaining an allocation of competitive 9% Tax Credits. "There was substantial risk involved with this change in direction because at the time, it was unclear if any Tax Credit investors would be interested in Parc Grove," said CHPC Financial Consultant Greg Chin. "Throughout this period of uncertainty, the Fresno Housing Authority showed outstanding initiative and perseverance to finance Parc Grove."

HACF was awarded a reservation of 9% Tax Credits in mid-2009, and while several potential investors offered competitive pricing, Wells Fargo demonstrated a deep commitment to Parc Grove Commons and to HACF by increasing their pricing from \$0.70 to \$0.78. Wells Fargo also worked closely with California Community Reinvestment Corporation (CCRC) to encourage them to provide the permanent loan.

SOURCES	Construction	Permanent
Housing Authority of the City of Fresno (HACF)		
CFRG Capital Fund Recovery Grant - Formula ARRA Funds*	1,983,203	1,983,203
CFRC Capital Fund Recovery Grant - Competitive ARRA Funds*	2,250,000	2,250,000
Capital Fund Replacement Housing Factor (RHF) Funds	389,551	389,551
HACF Funds	699,976	699,976
Housing Relinquished Fund Corp (HACF Affiliate)	3,007,435	3,007,435
California Community Reinvestment Corp (CCRC) Permanent Loan	-	2,900,000
Taxable Construction Loan (Wells Fargo)	10,000,000	-
City of Fresno RDA	500,000	500,000
City of Fresno - HOME	2,000,000	2,000,000
Deferred Costs	1,815,000	-
Capital Contributions		
General Partner	100	100
Limited Partners - Tax Credit Equity (Wells Fargo)	14,545,403	23,460,403
Total Sources	37,190,668	37,190,668

USES**	Construction	Permanent
Land and Structures	4,047,336	4,047,336
Hard Costs	25,322,416	25,322,416
Arch, Eng, and Local Fees	2,207,497	2,207,497
Financing, Syndication, and Construction Interest	1,988,975	1,988,975
Reserves	475,000	475,000
Legal and Other Costs	1,149,444	1,149,444
Developer Fee	2,000,000	2,000,000
Total Uses	37,190,668	37,190,668

* 10% of CFRG and CRFC grant funds were reserved for administrative expenses

** Costs projected prior to start of construction

HACF awarded \$5.7 million in ARRA Stimulus Funds

With the investor and lender on board, Parc Grove Commons was back on track, but still lacked the necessary soft financing that would make the project a reality – a gap that was filled when U.S. Department of Housing and Urban Development (HUD) awarded the HACF approximately \$5.7 million in both formula and competitive ARRA Public Housing Capital Fund Recovery Grants. The Capital Fund Recovery Grant Formula funds (CFRG) provided \$2.2 million in the form of a Federal Stimulus allocation in March 2009 that most state housing authorities used for rehabilitation, but which the HACF was able to use in the development of new Parc Grove replacement public housing units. The second allocation of \$2.5 million was awarded through the Capital Fund Recovery Grant Competitive funds (CFRC) in September of 2009.

Green Innovation

Parc Grove incorporates the latest in green building techniques and innovative energy efficiency designs including solar panels, satellite controlled irrigation systems, passive solar design, and utilization of recycled materials. Rather than hauling several tons of concrete from the demolition of the prior site, it was re-used to provide aggregate base for the roadways in the development, resulting in substantial cost savings. Unit amenities include energy efficient appliances, dishwashers, garbage disposals, washers and dryers, ceiling fans, carpeting, dual-pane windows, and central heating and cooling. The energy-efficient community also addresses the transit needs of its residents and is located near schools, medical facilities, the Fresno Art Museum, Fresno City College, a pharmacy, public transportation, banking, major freeway and roads, employment resources, grocery stores, and other commercial retail. The complex also includes a community room, learning center, playground, and a collegiate-size swimming pool.

Major funding partners included the Housing Authority of the City of Fresno, the City of Fresno Redevelopment Agency, the City of Fresno Housing and Community Development Division, Wells Fargo Bank, and the California Community Reinvestment Corporation. The California Housing Partnership Corporation was a key partner in putting together the complex financing.

PRESERVATION SERVICES FOR NONPROFIT AND LOCAL GOVERNMENT STAFF

CHPC provides technical assistance, and training to help nonprofit and government agencies build and preserve affordable homes for California families and seniors. For more information, please contact our Housing Preservation Specialist, Nadia Shihab at nshihab@chpc.net or 415-433-6804 x 316, or our Housing Policy Manager, Marilyn Wacks at mwacks@chpc.net or 415-433-6804 x 313.

THIS NEWSLETTER IS MADE POSSIBLE WITH SUPPORT FROM:

THE SAN FRANCISCO FOUNDATION

The Community Foundation of the Bay Area



