



HOUSING PRESERVATION NEWS

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Yosemite Village: HOPE VI Development Revitalizes Distressed Housing in West Fresno



Editor's Note: In conjunction with the October 8th grand opening of Yosemite Village in Fresno, this case study examines the financing challenges of using the HOPE VI program in combination with Low Income Housing Tax Credits to revitalize and transform public housing as a catalyst for a major redevelopment initiative.

Project Background

With this month's grand opening of the 69-unit Yosemite Village, the Housing Authority of the City of Fresno (HACF) is transforming previously distressed 1950's public housing and underdeveloped property into new and revitalized affordable rental units for families in West Fresno.

The development would not have been possible without HACF's success in obtaining an increasingly rare and much sought after HOPE VI public housing revitalization grant from the U.S. Department of Housing and Urban Development. The redeveloped Yosemite Village was financed with a complex mix of public and private dollars and includes 69 rental public housing units, 33 renovated and 36 newly constructed.

One of the keys to HACF's success in obtaining the HOPE VI grant is that Yosemite Village is being developed as one component within a larger 250-acre community Master Plan, including the redevelopment of California Boulevard as a major landscaped arterial, a new mixed-use development around a village center, and 200 planned mixed-income compact single-family homes affordable to lower income households.

With the HACF acting as the lead developer, key partners and collaborators include HACF's nonprofit affiliate, Better Opportunities Builder; the City of Fresno; PNC Multifamily Capital; Bank of America; the Fresno Redevelopment Agency; and Pyatok Architects in partnership with Salazar Architects. Funding sources include HOPE VI, Replacement Housing Factor funds, Low Income Housing Tax Credit equity, a tax-exempt construction loan, and additional funding from HACF.

Smooth Transition for Residents

When the construction loan closing occurred for Yosemite Village in December 2008, 33 families were living in obsolete public housing. Rather than displace existing residents during construction, HACF was able to ensure a smooth transition by keeping all families on site during recertification.

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“The project was unique in that existing public housing tenants were recertified during the tax credit partnership acquisition, and allowed to remain in the new Tax Credit/Public Housing project during construction,” said Preston Prince, HACF Executive Director.

In addition to new landscaping, laundry facilities, a new swimming pool, a community garden, and tot lots, the residents of Yosemite Village will also have access to a 3,700 square foot community center through a cross use agreement. Also built with HOPE VI funds, the LEED- certified community center includes a central room with a state-of-the-art audio-visual system, a computer lab, social service offices, and a full-time pre-school facility subsidized for the residents.

Financing Challenges

As a HOPE VI development, the financing of Yosemite Village was a complex mix of public and private dollars challenged by rigid deadline pressures and tough underwriting requirements.

Since Yosemite Village was only one development among many HACF was pursuing in 2008, it was originally packaged with another development as a two-part investment/lending opportunity. At the last minute, however, one of the financing sources on the second development fell through, leaving Yosemite Village alone in a Tax Credit investor market that was in full collapse in the second quarter of 2008. The relatively small size of the transaction combined with its location at one of the worst hit areas in the mortgage crisis, significantly reduced investor and lender interest and imposed time pressures on all parties. Fortunately, PNC and Bank of America responded quickly to HACF's revised offer, and joined the development team. With help from CHPC, HACF and its partners were able to meet the bond closing deadline, complete critical due diligence required to meet the HOPE VI closing deadline, and simultaneously lengthen the Tax Credit equity pay-in schedule so that the proceeds from the limited partner's investment could be maximized.

Aside from time pressures, the often-conflicting underwriting demands of the financial partners also posed challenges. Final construction financing included additional resources brought to the project by HACF, a bridge loan from PNC that served as initial construction funding, and a letter of credit guarantee from HACF, so that the lender take-out funding was not at risk.

While it illustrates some of the flaws as well as the strengths of the HOPE VI mixed financing program, the grand opening of Yosemite Village is truly an event to be celebrated by all concerned. Congratulations to HACF on this great achievement.

SOURCES	Construction	Permanent
Tax Exempt Bank Purchase	6,000,000	-
HOPE VI	1,066,809	5,472,277
PNC Bridge Loan	912,032	-
Housing Authority of the City of Fresno Loan (HACF)	990,000	990,000
Replacement Housing Factor Funds (RHF)	362,984	362,984
Fresno School Waiver	93,228	93,228
Capital Contributions		
General Partner	110,000	110,000
Limited Partners	365	3,648,127
Total Sources	9,535,418	10,676,616
USES	Construction	Permanent
Land	1,100,000	1,100,000
Hard Costs	5,921,553	5,921,553
Arch/Local Fees	1,287,558	1,287,558
Financing/Syndication	679,374	707,254
Reserves	-	371,121
Other Costs	424,331	424,331
Developer Fee	122,602	864,799
Total Uses	9,535,418	10,676,616

**PRESERVATION SERVICES FOR NONPROFIT
AND LOCAL GOVERNMENT STAFF**

CHPC provides financial consulting, 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 Policy Manager, Marilyn Wacks at mwacks@chpc.net or 415-433-6804x13.



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