

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
July 17, 2013
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Crystal Alvarez

Applicant: Housing Authority of the City of Fresno

Allocation Amount Requested:
Tax-exempt: \$6,874,774

Project Information:
Name: Droge Apartments
Project Address: 802 and 814 Van Ness Avenue
Project City, County, Zip Code: Fresno, Fresno, 93721

Project Sponsor Information:
Name: 802 Van Ness Avenue, LP (802 Van Ness Avenue AGP, LLC and Silvercrest, Inc.)
Principals: Pam Kallsen, Craig Scharton, Preston Prince, and Reneeta Anthony for both entities. Adrian Jones, Ruben Scott, Cary Catalano and Tim Lower for 802 Van Ness Avenue AGP, LLC; Kendra Roger and Racewell Hanrahan for Silvercrest, Inc.
Property Management Company: GSP Properties, Inc.

Project Financing Information:
Bond Counsel: Ballard Spahr Andrews & Ingersoll, LLP
Private Placement Purchaser: Bank of the West
TEFRA Hearing Date: November 29, 2013

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 44, plus 1 manager unit
Type: New Construction
Type of Units: Family

The Droge Apartments project is designed to be constructed as a four-story development on approximately .38 acres. The Project includes 45 rent restricted units (6 studio, 30 one-bedroom, 8 two-bedroom) with one manager unit. The ground floor will include a Community Building with a meeting room equipped with a television and video capabilities, a fitness center, full kitchen, restrooms, lounge and management offices. Each unit will have a garbage disposal, dual pane windows and central heating and air. The first floor will also house a commercial space of approximately 3,053 square feet.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
23% (10 units) restricted to 50% or less of area median income households.
77% (34 units) restricted to 60% or less of area median income households.
Unit Mix: Studio, 1 & 2 bedrooms

No service amenities will be included for this project.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$	11,376,908	
Estimated Hard Costs per Unit:	\$	152,324	(\$6,702,259 /44 units)
Estimated per Unit Cost:	\$	258,566	(\$11,376,908 /44 units)
Allocation per Unit:	\$	156,245	(\$6,874,774 /44 units)
Allocation per Restricted Rental Unit:	\$	156,245	(\$6,874,774 /44 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 6,874,774	\$ 1,250,800
Deferred Developer Fee	\$ 172,018	\$ 172,018
LIH Tax Credit Equity	\$ 563,956	\$ 3,759,708
Direct & Indirect Public Funds	\$ 2,659,231	\$ 5,424,380
Other (accrued interest/deferred developer fee)	\$ 70,002	\$ 770,002
Total Sources	\$ 10,339,981	\$ 11,376,908

Uses of Funds:	
Acquisition/Land Purchase	\$ 634,905
On & Off Site Costs	\$ 181,400
Hard Construction Costs	\$ 6,520,859
Architect & Engineering Fees	\$ 845,097
Developer Fee	\$ 1,295,426
Cost of Issuance	\$ 254,156
Capitalized Interest	\$ 296,869
Other Soft Costs (Marketing, etc.)	\$ 1,348,196
Total Uses	\$ 11,376,908

Description of Financial Structure and Bond Issuance:

The tax-exempt bond allocation will be privately placed with Bank of the West. The bank has committed to provide the construction and permanent financing for the project. The construction loan will carry a floating rate that will reset monthly, LIBOR plus 160 basis points for a period of 18 months. The permanent loan will have a term of 16 years and amortization of 30 years. The interest rate will be dependent upon market conditions at the time of closing the loan, based on a 30 year CIP quoted by the Federal Home Loan Bank plus a spread of 1.60%.

Analyst Comments:

Not Applicable

Legal Questionnaire:

The Staff has reviewed the Applicant's responses to the questions contained in the Legal Status portion of the application. No information was disclosed to question the financial viability or legal integrity of the Applicant.

Total Points:

65 out of 130

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$6,874,774 in tax exempt bond allocation.

ATTACHMENT A

EVALUATION SCORING:

Point Criteria	Maximum Points Allowed for Non-Mixed Income Projects	Maximum Points Allowed for Mixed Income Projects	Points Scored
Federally Assisted At-Risk Project or HOPE VI Project	20	20	0
Exceeding Minimum Income Restrictions:	35	15	25
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Federally Assisted At-Risk Project or HOPE VI Project]	[10]	[10]	0
Gross Rents	5	5	5
Large Family Units	5	5	0
Leveraging	10	10	10
Community Revitalization Area	15	15	0
Site Amenities	10	10	5
Service Amenities	10	10	0
New Construction	10	10	10
Sustainable Building Methods	10	10	10
Negative Points	-10	-10	0
Total Points	130	100	65

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.