

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
March 15, 2017
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Sarah Lester

Applicant: California Affordable Housing Agency

Allocation Amount Requested:

Tax-exempt: \$9,250,000

Project Information:

Name: King's View Estates Apartments
Project Address: 2705 Martin Luther King Jr. Boulevard
Project City, County, Zip Code: Fresno, Fresno, 93706

Project Sponsor Information:

Name: DHI King's View Associates, LP (Central Valley Coalition for Affordable Housing and DHI King's View Associates, LLC)
Principals: Alan Jenkins, Sid McIntyre, Jennifer Bertuccio, Steve Simmons and Christina Alley for Central Valley Coalition for Affordable Housing; Thomas Dawson and Tim Fluetsch for DHI King's View Associates, LLC
Property Management Company: FPI Management

Project Financing Information:

Bond Counsel: Jones Hall, A Professional Law Corporation
Private Placement Purchaser: R4 Capital Funding
Cash Flow Permanent Bond: Not Applicable
Public Sale: Not Applicable
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
TEFRA Noticing Date: October 14, 2016
TEFRA Adoption Date: November 3, 2016

Description of Proposed Project:

State Ceiling Pool: General
Total Number of Units: 116
Manager's Units: 1 Unrestricted
Type: Acquisition and Rehabilitation
Population Served: Family

King's View Apartments is an existing project located in Fresno on a 13-acre site. The project consists of 115 rental units and 1 unrestricted manager's unit. The project has 115 three-bedroom units. The renovations will include building exterior and interior upgrades. Building exterior renovations will consist of new asphalt shingle roofs, increased attic insulation, new dual pane windows, new exterior fiber cement siding and new LED light fixtures in central hallways. Individual apartment units will be updated with new LED light fixtures in kitchens, dining areas, bathrooms and new unit HVAC package systems. Also, water conservation improvements including low-flow toilets, shower restrictor heads, new high efficiency water heaters, repairs and improvements to site irrigation, plumbing repairs and replacements as needed and a leak reduction program. To improve quality of life (in-unit), dishwashers and washer/dryer hookups will be added. Lastly, common or site area renovations will consist of upgrading management office/leasing center, security cameras, expanding classroom, replacing 50% of perimeter block wall with wrought iron fencing, accessibility improvements to path of travel and common facilities. Ten percent (10%) of units will be ADA compliant and 4% of units will be sensory impaired (hearing/sight) accessible. The rehabilitation is expected to begin in May 2017 and completed in March 2018.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 99%
20% (23 units) restricted to 50% or less of area median income households.
79% (92 units) restricted to 60% or less of area median income households.
Unit Mix: 3 bedrooms

The proposed project will not be providing service amenities

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost: \$ 18,621,540
Estimated Hard Costs per Unit: \$ 65,840 (\$7,637,412 /115 units)
Estimated per Unit Cost: \$ 160,531 (\$18,621,540 /116 units including mgr. unit)
Allocation per Unit: \$ 79,741 (\$9,250,000 /115 units)
Allocation per Restricted Rental Unit: \$ 80,435 (\$9,250,000 /115 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 9,250,000	\$ 7,100,000
City of Fresno	\$ 2,996,720	\$ 0
LIH Tax Credit Equity	\$ 4,122,687	\$ 5,447,807
Developer Equity	\$ 1,804,311	\$ 0
Deferred Developer Fee	\$ 0	\$ 878,582
Itemized Public Funds Sources	\$ 0	\$ 4,747,329
Net Income From Operations	\$ 447,822	\$ 447,822
Total Sources	\$ 18,621,540	\$ 18,621,540

Uses of Funds:	
Land Cost/Acquisition	\$ 6,600,000
Rehabilitation	\$ 6,973,290
Relocation	\$ 20,000
Contractor Overhead & Profit	\$ 664,122
Architectural Fees	\$ 125,000
Survey and Engineering	\$ 35,000
Construction Interest and Fees	\$ 549,444
Permanent Financing	\$ 123,146
Legal Fees	\$ 186,500
Reserves	\$ 480,977
Appraisal	\$ 10,000
Hard Cost Contingency	\$ 763,741
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 161,009
Developer Costs	\$ 1,929,311
Total Uses	\$ 18,621,540

Analyst Comments:

None

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:

75 out of 140

[See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$9,250,000 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
Preservation Project	20	20	10
Exceeding Minimum Income Restrictions:	35	15	30
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	0
Gross Rents	5	5	5
Large Family Units	5	5	5
Leveraging	10	10	10
Community Revitalization Area	5	5	0
Site Amenities	10	10	0
Service Amenities	10	10	0
New Construction or Substantial Renovation	10	10	10
Sustainable Building Methods	10	10	5
Forgone Eligible Developer Fee (Competitive Allocation Process Only)	10	10	N/A
Minimum Term of Restrictions (Competitive Allocation Process Only)	10	10	N/A
Negative Points (No Maximum)	-10	-10	0
Total Points	140	110	75

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.