

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
May 17, 2017
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Richard Fischer

Applicant: California Statewide Communities Development Authority

Allocation Amount Requested:
Tax-exempt: \$25,000,000

Project Information:
Name: Kings Canyon Apartments
Project Address: 5070 East Kings Canyon Road
Project City, County, Zip Code: Fresno, Fresno, 93727

Project Sponsor Information:
Name: Kings Canyon Affordable Housing, L.P. (Kings Canyon Affordable Housing, LLC)
Principals: Paul F. Chavez, Manuel H. Bernal and Paul S. Park for Kings Canyon Affordable Housing, LLC
Property Management Company: Cesar Chavez Foundation, Inc.

Project Financing Information:
Bond Counsel: Kutak Rock LLP
Private Placement Purchaser: Citibank, N.A.
Cash Flow Permanent Bond: Not Applicable
Public Sale: Not Applicable
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Rating: Not Applicable
TEFRA Noticing Date: March 1, 2017
TEFRA Adoption Date: March 16, 2017

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 135
Manager's Units: 1 Unrestricted
Type: New Construction
Population Served: Family

Kings Canyon Apartments is a new construction project located in Fresno on a 4.5 -acre site. The project consists of 134 rental units and 1 unrestricted manager unit. The project will have 65 one-bedroom units, 35 two- bedroom units and 34 three-bedroom units. The building will have two three-story buildings and a one-story clubhouse. Common amenities include a large multipurpose room, recreation room, computer room, laundry facilities, management office. Each unit will have a refrigerator, range/oven, dishwasher, microwave, etc. There will be 160 parking spaces provided. The construction is expected to begin in October 2017 and to be completed in February 2019.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
52% (70 units) restricted to 50% or less of area median income households.
48% (64 units) restricted to 60% or less of area median income households.
Unit Mix: 1, 2 & 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:	\$ 34,819,299	
Estimated Hard Costs per Unit:	\$ 153,271	(\$20,691,550 /135 units including mgr. units)
Estimated per Unit Cost:	\$ 257,921	(\$34,819,299 /135 units including mgr. units)
Allocation per Unit:	\$ 185,185	(\$25,000,000 /135 units including mgr. units)
Allocation per Restricted Rental Unit:	\$ 186,567	(\$25,000,000 /134 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 25,000,000	\$ 2,070,000
LIH Tax Credit Equity	\$ 3,442,200	\$ 12,800,000
Deferred Developer Fee	\$ 0	\$ 2,830,353
Deferred Fees and Costs	\$ 4,121,907	\$ 0
HCD-AHSC Grants	\$ 715,672	\$ 715,672
HCD-AHSC Loan	\$ 0	\$ 14,863,754
Fresno Land Donation	\$ 904,000	\$ 904,000
Fresno Waived Fees	\$ 635,520	\$ 635,520
Total Sources	\$ 34,819,299	\$ 34,819,299

Uses of Funds:	
Land Cost/Acquisition	\$ 1,394,320
New Construction	\$ 20,228,350
Contractor Overhead & Profit	\$ 2,832,218
Architectural Fees	\$ 652,055
Construction Interest and Fees	\$ 1,689,350
Permanent Financing	\$ 52,500
Legal Fees	\$ 175,000
Reserves	\$ 394,294
Appraisal	\$ 10,000
Hard Cost Contingency	\$ 778,669
Local Development Impact Fees	\$ 1,175,520
Other Project Costs (Soft Costs)	\$ 1,437,023
Developer Costs	\$ 4,000,000
Total Uses	\$ 34,819,299

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:

78.7 out of 140 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$25,000,000 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	Points Scored
Preservation Project	20	20	0
Exceeding Minimum Income Restrictions:	35	15	35
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	3.7
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	10
Service Amenities	10	10	0
New Construction or Substantial Renovation	10	10	10
Sustainable Building Methods	10	10	0
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	120	78.7

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.