

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
May 16, 2018
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Louise Eller

Applicant: California Housing Finance Agency

Allocation Amount Requested:
Tax-exempt: \$26,836,000

Project Information:
Name: Summer Park Apartments
Project Address: 1275 South Winery Avenue
Project City, County, Zip Code: Fresno, Fresno, 93727

Project Sponsor Information:
Name: Summer Park Fresno, L.P. (Summer Park EAH, LLC)
Principals: Mary Murtagh, Alvin Bonnett, Laura Hall, Cathy Macy, Welton Jordan and David Egan for Summer Park EAH, LLC
Property Management Company: EAH Inc. (EAH Housing)

Project Financing Information:
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Private Placement Purchaser: Union Bank, 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: October 10, 2017
TEFRA Adoption Date: October 31, 2017

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 248
Manager's Units: 2 Unrestricted
Type: Acquisition and Rehabilitation
Population Served: Family

Summer Park Apartments is an existing project located in Fresno on a 13.2-acre site. The project consists of 246 restricted rental units and 2 unrestricted managers' units. The project has 48 one-bedroom units, 176 two-bedroom units and 24 three-bedroom units. The renovations will include building exterior/interior upgrades. Building exterior renovations will consist of replacement of siding and trim, new exterior paint, replacement of roofing, flashing and gutters and replacement of windows. Individual apartment units will be updated with new appliances, cabinets, carpeting, countertops as needed, vinyl flooring, kitchen and bath fixtures, smoke/CO detectors, tub/shower surrounds, toilets, blinds and new interior paint. In addition, HVAC units, water heaters and exhaust fans will be replaced. Lastly, common or site area renovations will consist of repairs to access and chain link gates, new landscaping, replacement of site lighting, asphalt resurfacing/stripping, new parking area, replacement of pool equipment, replacement of sidewalks for ADA and new trash enclosures. In addition, a new community building will be built and the management office will be upgraded to comply with ADA requirements. 25 ground floor units will be converted to meet ADA requirements. The rehabilitation is expected to begin in October 2018 and be completed in June 2020.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%

20% (50 units) restricted to 50% or less of area median income households.

80% (196 units) restricted to 60% or less of area median income households.

Unit Mix: 1, 2 & 3 bedrooms

The proposed project will not be receiving service amenity points.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$ 48,467,519	
Estimated Hard Costs per Unit:	\$ 64,008	(\$675,000 /248 units including mgr. units)
Estimated per Unit Cost:	\$ 195,434	(\$48,467,519 /248 units including mgr. units)
Allocation per Unit:	\$ 108,210	(\$26,836,000 /248 units including mgr. units)
Allocation per Restricted Rental Unit:	\$ 109,089	(\$26,836,000 /246 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 26,836,000	\$ 0
Taxable Proceeds	\$ 0	\$ 3,026,000
Taxable Tranche B Financing	\$ 0	\$ 2,500,000
LIH Tax Credit Equity	\$ 3,077,632	\$ 17,149,013
Withdrawal from Project Reserves	\$ 194,131	\$ 0
Deferred Developer Fee	\$ 0	\$ 5,284,900
Deferred Costs	\$ 6,754,738	\$ 0
Seller Carryback Loan	\$ 10,972,975	\$ 10,972,975
Seller Carryback Accrued Interest	\$ 0	\$ 632,043
Accrued/Deferred Interest	\$ 632,043	\$ 0
Net Income From Operations	\$ 0	\$ 508,457
Energy Rebate Loan	\$ 0	\$ 1,700,000
Existing Project Reserves	\$ 0	\$ 194,131
CalHFA Subsidy Loan	\$ 0	\$ 2,500,000
GP Loan	\$ 0	\$ 4,000,000
Total Sources	\$ 48,467,519	\$ 48,467,519
Uses of Funds:		
Land Cost/Acquisition	\$ 15,600,000	
Rehabilitation	\$ 17,209,668	
Relocation	\$ 1,240,000	
Contractor Overhead & Profit	\$ 952,446	
Architectural Fees	\$ 707,500	
Survey and Engineering	\$ 187,500	
Construction Interest and Fees	\$ 2,831,764	
Permanent Financing	\$ 333,392	
Legal Fees	\$ 167,500	
Reserves	\$ 716,660	
Appraisal	\$ 20,000	
Hard Cost Contingency	\$ 1,828,750	
Local Development Impact Fees	\$ 78,000	
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 609,439	
Developer Costs	\$ 5,984,900	
Total Uses	\$ 48,467,519	

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:

50 out of 140 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$26,836,000 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	0
Exceeding Minimum Income Restrictions:	35	15	30
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	0
Large Family Units	5	5	0
Leveraging	10	10	0
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	50