

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
December 12, 2018
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Richard Fischer

Applicant:	California Municipal Finance Authority
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Allocation Amount Requested:	Tax-exempt: \$15,500,000
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Project Information:	Name: Hotel Fresno Apartments
	Project Address: 1241 Broadway Plaza
	Project City, County, Zip Code: Fresno, Fresno, 93721

Project Sponsor Information:	Name: Hotel Fresno Apartments, LP (APEC Hotel Fresno, LLC & Deep Green Housing and Community Development)
	Principals: Eugene Kim and Karen Bracher for APEC Hotel Fresno, LLC; Zoe Ellas for Deep Green Housing and Community Development.
	Property Management Company: FPI Management, Inc.

Project Financing Information:	Bond Counsel: Orrick, Herrington & Sutcliffe LLP
	Private Placement Purchaser: Bank of Hope
	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 24, 2018
	TEFRA Adoption Date: November 8, 2018

Description of Proposed Project:	State Ceiling Pool: General
	Total Number of Units: 79
	Manager's Units: 1 Unrestricted
	Type: New Construction (Adaptive Reuse)
	Population Served: Family

Hotel Fresno Apartments is a new construction (adaptive reuse of a vacant hotel) project located in Fresno on a 1.2-acre site. The project consists of 40 restricted rental units, 38 units at 80 percent AMI and 1 unrestricted manager unit. The project will have 39 one-bedroom units, 28 two-bedroom units and 12 three-bedroom units. The building is 7 stories and is listed on the National Register of Historic Places. Common amenities include a computer room, community room, two laundry rooms and management offices. Each unit will have: refrigerator, range/oven, dishwasher, garbage disposal and individual control heating and air conditioning. There are 41 parking spaces provided. The project will be committing to the Green Point Rated Program requirements. Construction is expected to begin January 2019 and be completed in June 2020.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 51%
51% (40 units) restricted to 50% or less of area median income households.
Unit Mix: 1, 2 & 3 bedrooms

The proposed project will be receiving service amenity points with instructor-led educational, health and wellness or skill building classes, such as financial literacy, computer training, home-buyer education, GED, resume building, ESL, nutrition, exercise, health info/awareness, art, parenting, on-site food cultivation and preparation and smoking cessation for a minimum of 84 hours per year.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$ 26,349,098	
Estimated Hard Costs per Unit:	\$ 183,069	(\$14,462,483 /79 units including mgr. units)
Estimated per Unit Cost:	\$ 333,533	(\$26,349,098 /79 units including mgr. units)
Allocation per Unit:	\$ 196,203	(\$15,500,000 /79 units including mgr. units)
Allocation per Restricted Rental Unit:	\$ 387,500	(\$15,500,000 /40 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 15,500,000	\$ 6,452,880
LIH Tax Credit Equity	\$ 4,239,826	\$ 7,846,668
Deferred Developer Fee	\$ 0	\$ 1,400,000
Deferred Costs	\$ 1,671,596	\$ 0
Deep Green Housing Grant	\$ 3,037,676	\$ 3,037,676
Fresno/Housing Successor Agency	\$ 1,900,000	\$ 1,900,000
AHSC Loan	\$ 0	\$ 1,762,324
APEC International Loan	\$ 0	\$ 596,606
Historic Tax Credit	\$ 0	\$ 3,352,944
Total Sources	\$ 26,349,098	\$ 26,349,098

Uses of Funds:	
Land Cost/Acquisition	\$ 3,325,608
Rehabilitation	\$ 15,509,448
Contractor Overhead & Profit	\$ 1,162,088
Architectural Fees	\$ 465,009
Survey and Engineering	\$ 325,000
Construction Interest and Fees	\$ 1,688,593
Permanent Financing	\$ 111,793
Legal Fees	\$ 166,000
Reserves	\$ 215,000
Appraisal	\$ 14,500
Hard Cost Contingency	\$ 1,367,969
Local Development Impact Fees	\$ 25,000
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 573,090
Developer Costs	\$ 1,400,000
Total Uses	\$ 26,349,098

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:

80 out of 140 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$15,500,000 in tax-exempt bond allocation on a carryforward basis.

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	35
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	0
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	5
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	120	80