

**THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**  
**May 15, 2019**  
**Staff Report**  
**REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A**  
**QUALIFIED RESIDENTIAL RENTAL PROJECT**

*Prepared by: Richard Fischer*

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**Applicant:** California Housing Finance Agency

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**Allocation Amount Requested:**  
**Tax-exempt:** \$29,050,000

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**Project Information:**  
**Name:** Blackstone & McKinley TOD  
**Project Address:** 1501 North Blackstone Avenue  
**Project City, County, Zip Code:** Fresno, Fresno, 93703

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**Project Sponsor Information:**  
**Name:** 1501 N. Blackstone Ave., LP (Corporation for Better Housing)  
**Principals:** Lori Koester, John Eleftheriou, and Rob Tidd for Corporation for Better Housing  
**Property Management Company:** WinnResidential California LP

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**Project Financing Information:**  
**Bond Counsel:** Orrick, Herrington & Sutcliffe LLP  
**Private Placement Purchaser:** Pacific Western Bank  
**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 8, 2019  
**TEFRA Adoption Date:** April 4, 2019

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**Description of Proposed Project:**  
**State Ceiling Pool:** General  
**Total Number of Units:** 88  
**Manager's Units:** 1 Unrestricted  
**Type:** New Construction  
**Population Served:** Family

Blackstone & McKinley TOD Apartments is a new construction project located in Fresno on a 2.9-acre site. The project consists of 87 restricted rental units and 1 unrestricted manager unit. The project will have 27 one-bedroom units, 30 two-bedroom units and 31 three-bedroom units. The building will be 4 stories of wood frame construction. Common amenities include a large community room, laundry facilities, high speed internet connection, barbeque area, children's play area and bicycle storage. Each unit will have a refrigerator, a oven, dishwasher, central heating and air conditioning, vertical blinds and carpeting. There are 112 parking spaces provided. Green features include photovoltaic panels to offset common energy loads. The construction is expected to begin in October 2019 and will be completed in February 2021.

**Description of Public Benefits:**

**Percent of Restricted Rental Units in the Project:** 100%

61% (53 units) restricted to 50% or less of area median income households.  
39% (34 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:**

<b>Estimated Total Development Cost:</b>	\$	37,810,296	
<b>Estimated Hard Costs per Unit:</b>	\$	261,635	(\$23,023,846 /88 units including mgr. unit)
<b>Estimated per Unit Cost:</b>	\$	429,662	(\$37,810,296 /88 units including mgr. unit)
<b>Allocation per Unit:</b>	\$	330,114	(\$29,050,000 /88 units including mgr. unit)
<b>Allocation per Restricted Rental Unit:</b>	\$	333,908	(\$29,050,000 /87 restricted unit)

**Sources of Funds:**

	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 29,050,000	\$ 1,835,000
Taxable Tail Proceeds	\$ 1,760,000	\$ 0
LIH Tax Credit Equity	\$ 3,445,606	\$ 13,313,139
CalHFA Earned Surplus Loan	\$ 0	\$ 1,760,000
Deferred Developer Fee	\$ 0	\$ 2,902,206
HCD-AHSC Loan	\$ 0	\$ 12,600,000
City of Fresno Successor	\$ 0	\$ 2,200,000
City of Fresno Impact Fees	\$ 329,065	\$ 329,065
City of Fresno	\$ 0	\$ 500,000
City of Fresno SJVAPCD	\$ 0	\$ 1,843,572
Solar Equity	\$ 0	\$ 527,314
<b>Total Sources</b>	<b>\$ 34,584,671</b>	<b>\$ 37,810,296</b>

**Uses of Funds:**

Land Cost/Acquisition	\$	2,100,000	
Relocation	\$	829,500	
New Construction	\$	22,541,812	
Contractor Overhead & Profit	\$	1,701,268	
Architectural Fees	\$	486,000	
Survey and Engineering	\$	270,000	
Construction Interest and Fees	\$	2,831,049	
Permanent Financing	\$	73,630	
Legal Fees	\$	295,000	
Reserves	\$	159,212	
AHSC Transit Passes	\$	150,336	
Appraisal	\$	12,000	
Hard Cost Contingency	\$	1,212,154	
Local Development Impact Fees	\$	760,645	
Other Project Costs (Soft Costs, Marketing, etc.)	\$	887,690	
Developer Costs	\$	3,500,000	
<b>Total Uses</b>	<b>\$</b>	<b>37,810,296</b>	

**Analyst Comments:**

None

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**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.

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**Total Points:**

78 out of 140 [See Attachment A]

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**Recommendation:**

Staff recommends that the Committee approves \$29,050,000 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	35
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	10
Large Family Units	5	5	5
Leveraging	10	10	10
Community Revitalization Area	5	5	0
Site Amenities	10	10	7.5
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
<b>Total Points</b>	<b>140</b>	<b>120</b>	<b>77.5</b>