

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
February 18, 2020
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Isaac Clark III

Applicant:	California Housing Finance Agency
Allocation Amount Requested:	Tax-exempt: \$20,156,880
Project Information:	Name: Doragon at Chinatown Project Address: 1101 F Street Project City, County, Zip Code: Fresno, Fresno, 93706
Project Sponsor Information:	Name: Housing Authority of the City of Fresno, CA (Doragon at Chinatown AGP, LLC / Silvercrest, Inc.) Principals: Preston Prince, CEO/Executive Director/Secretary for Doragon @ Chinatown AGP, LLC and Silvercrest, Inc. Property Management Company: GSF Properties, Inc.
Project Financing Information:	Bond Counsel: Orrick, Herrington & Sutcliffe LLP Private Placement Purchaser: U.S. Bank National Association Cash Flow Permanent Bond: Not Applicable Public Sale: Not Applicable Underwriter: Not Applicable Credit Enhancement Provider: Not Applicable Rating: Not Applicable TEFRA Noticing Date: November 6, 2019 TEFRA Adoption Date: November 26, 2019
Description of Proposed Project:	State Ceiling Pool: General Total Number of Units: 57 Manager's Units: 1 Unrestricted Type: New Construction Population Served: Family

Doragon at Chinatown is a new construction project located in Fresno. The project consists of 56 restricted rental units, and 1 unrestricted manager unit. The project will have 15 SRO/Studio units, 16 one-bedroom units, 23 two-bedroom units, 2 three-bedroom units, and 1 three-bedroom unit as the manager unit. The building will be 4 stories and standard metal and wood-frame construction. The project will have a courtyard accessible to all residents that will have drought tolerant landscaping. Site amenities will include bike storage, laundry and outdoor seating area. Unit amenities will include energy efficient appliances, dishwashers, garbage disposals, and dual-pane windows. The site will include a community room that will include a multipurpose room, computer lab, and office. The project will have 37 onsite parking spaces. This includes, 4 electric vehicle spaces and 2 ADA accessible spaces. The construction is expected to begin May 2020 and be completed in August 2021.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project:	100%
<u>52%</u> (29 units) restricted to 50% or less of area median income households.	
<u>48%</u> (27 units) restricted to 60% or less of area median income households.	
Unit Mix:	Studio, 1, 2 & 3 bedrooms

The proposed project will be receiving service amenity points.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$ 35,466,459	
Estimated Hard Costs per Unit:	\$ 460,134	(\$26,227,634 /57 units including mgr. unit)
Estimated per Unit Cost:	\$ 622,219	(\$35,466,459 /57 units including mgr. unit)
Allocation per Unit:	\$ 353,629	(\$20,156,880 /57 units including mgr. unit)
Allocation per Restricted Rental Unit:	\$ 359,944	(\$20,156,880 /56 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 20,156,880	\$ 1,855,000
Cash Flow Permanent Bonds	\$ 0	\$ 0
Tranche B Financing	\$ 0	\$ 0
Taxable Bond Proceeds	\$ 0	\$ 0
LIH Tax Credit Equity	\$ 0	\$ 15,969,532
TCC- HRI Loan + CalHFA Sub. Loan	\$ 0	\$ 3,339,000
Deferred Developer Fee	\$ 2,909,712	\$ 2,909,712
Costs Deferred Until Conversion	\$ 1,468,175	\$ 0
HRFC-(EPRI, Solar Grant)	\$ 850,876	\$ 850,876
City HOME Loan	\$ 397,118	\$ 397,118
TCC - STI Loan	\$ 977,902	\$ 977,902
TCC - Afford Housing Dev Loan (AHD)	\$ 8,007,319	\$ 8,007,319
Capital Contribution (GP)	\$ 0	\$ 1,160,000
Capital Contribution (LP)	\$ 698,477	\$ 0
Total Sources	\$ 35,466,459	\$ 35,466,459

Uses of Funds:	
Land Cost/Acquisition	\$ 2,152,902
Rehabilitation	\$ 0
Relocation	\$ 0
New Construction	\$ 22,267,635
Contractor Overhead & Profit	\$ 947,500
Architectural Fees	\$ 1,098,471
Survey and Engineering	\$ 87,240
Construction Interest and Fees	\$ 1,408,819
Permanent Financing	\$ 40,110
Legal Fees	\$ 235,900
Reserves	\$ 407,688
Appraisal	\$ 2,000
Hard Cost Contingency	\$ 1,248,397
Local Development Impact Fees	\$ 0
Other Project Costs	\$ 1,659,884
Developer Costs	\$ 3,909,913
Total Uses	\$ 35,466,459

Analyst Comments:

This project is considered a high cost per unit project. The vast regions in our nation that were impacted by natural disasters over the last year are also driving demand up 20+% over similar projects a year ago.

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:

120 out of 145 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$20,156,880 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]	10.00
Gross Rents	5	5	5.00
Large Family Units	5	5	0.00
Leveraging	10	10	10.00
Community Revitalization Area	5	5	0.00
Site Amenities	10	10	10.00
Service Amenities	10	10	10.00
New Construction or Substantial Renovation	10	10	10.00
Sustainable Building Methods	10	10	10.00
Forgone Eligible Developer Fee (Competitive Allocation Process Only)	10	10	10.00
Minimum Term of Restrictions (Competitive Allocation Process Only)	10	10	10.00
Negative Points (No Maximum)	-10	-10	0.00
Total Points	145	125	120.00