

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: Sarah Lester

Applicant: California Statewide Communities Development Authority

Allocation Amount Requested:
Tax-exempt: \$10,000,000

Project Information:
Name: Sierra Heights Apartments
Project Address: Executive Parkway and Hillview Ridge
Project City, County, Zip Code: Oroville, Butte, 95966

Project Sponsor Information:
Name: WP Sierra Heights Apartments LP (WP Sierra Heights, LLC and Central Valley Coalition for Affordable Housing)
Principals: George Davis Slajchert, Laura Slajchert for WP Sierra Heights, LLC; Alan Jenkins, Sid McIntyre, Jennifer Bertuccio, Steve Simmons, Christina Alley and Renee Downum for Central Valley Coalition for Affordable Housing
Property Management Company: Buckingham Property Management Company

Project Financing Information:
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Private Placement Purchaser: Rabobank, 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: February 21, 2017
TEFRA Adoption Date: March 7, 2017

Description of Proposed Project:
State Ceiling Pool: Rural
Total Number of Units: 52
Manager's Units: 1 Unrestricted
Type: New Construction
Population Served: Senior Citizens

Sierra Heights Apartments is a new construction project located in Oroville on a 6.35 -acre site. The project consists of 51 rental units and 1 unrestricted managers' unit. The project will have 10 one-bedroom units and 42 two- bedroom units. The property will consist of three (3) three-story buildings with a combination of stucco and siding. Common amenities include a large community room, residents' lounge, computer room, manager's office and a pool. Each unit will have a refrigerator, range/oven, dishwasher, and washer and dryer. There are 52 covered parking spaces and 10 additional spaces for resident use and their guests. The project will be pursuing Green Point Rated Multifamily Guidelines. The construction is expected to begin August 2017 and completed in August 2018.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
92% (47 units) restricted to 50% or less of area median income households.
8% (4 units) restricted to 60% or less of area median income households.
Unit Mix: 1 & 2 bedrooms

The proposed project will be providing service amenities.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$ 12,279,639	
Estimated Hard Costs per Unit:	\$ 120,915	(\$6,287,591 /52 units including mgr. units)
Estimated per Unit Cost:	\$ 236,147	(\$12,279,639 /52 units including mgr. units)
Allocation per Unit:	\$ \$192,308	(\$10,000,000 /52 units including mgr. units)
Allocation per Restricted Rental Unit:	\$ \$196,078	(\$10,000,000 /51 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 10,000,000	\$ 800,000
LIH Tax Credit Equity	\$ 0	\$ 4,793,055
Federal Home Loan Bank AHP	\$ 0	\$ 800,000
HCD Home Funds	\$ 893,050	\$ 4,500,000
City of Oroville	\$ 660,000	\$ 660,000
Willow Partners LLC	\$ 726,584	\$ 726,584
Total Sources	\$ 12,279,634	\$ 12,279,639

Uses of Funds:	
Land Cost/Acquisition	\$ 499,000
New Construction	\$ 6,517,591
Contractor Overhead & Profit	\$ 638,263
Architectural Fees	\$ 227,500
Survey and Engineering	\$ 350,000
Construction Interest and Fees	\$ 570,000
Permanent Financing	\$ 18,000
Legal Fees	\$ 200,000
Reserves	\$ 71,565
Appraisal	\$ 15,000
Hard Cost Contingency	\$ 400,000
Local Development Impact Fees	\$ 882,406
Other Project Costs	\$ 392,000
Developer Costs	\$ 1,498,314
Total Uses	\$ 12,279,639

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:

87 out of 140 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$10,000,000 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]	0
Gross Rents	5	5	5
Large Family Units	5	5	0
Leveraging	10	10	10
Community Revitalization Area	5	5	0
Site Amenities	10	10	10
Service Amenities	10	10	10
New Construction or Substantial Renovation	10	10	10
Sustainable Building Methods	10	10	7
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	87

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.