

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
December 13, 2017
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Sarah Lester

Applicant:	California Housing Finance Agency
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Allocation Amount Requested:	
Tax-exempt:	\$20,157,987

Project Information:	
Name:	Truckee Artist Lofts Apartments
Project Address:	10121 Church Street
Project City, County, Zip Code:	Truckee, Nevada, 96161

Project Sponsor Information:	
Name:	Downtown Truckee Investors, LP (Cyrus Youssefi (an individual); Ali Youssefi (an individual); Egis Group, Inc.; Community Revitalization and Development Corporation; and Truckee Development Associates, LLC)
Principals:	Cyrus Youssefi (an individual); Ali Youssefi (an individual); John Cicerone for Egis Group, Inc.; David Rutledge, Mike Dahl and Sheby Marocco for Community Revitalization and Development Corporation; and Richard Holliday for Truckee Development Associates, LLC
Property Management Company:	C.F.Y. Development, Inc.

Project Financing Information:	
Bond Counsel:	Orrick, Herrington & Sutcliffe LLP
Private Placement Purchaser:	JPMorgan, Chase Bank, N.A. (construction only)
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 7, 2017
TEFRA Adoption Date:	October 31, 2017

Description of Proposed Project:	
State Ceiling Pool:	General
Total Number of Units:	90
Manager's Units:	1 Restricted
Type:	New Construction
Population Served:	Family

Truckee Artist Lofts Apartments is a new construction project located in Truckee and is part of 75-acre Truckee Railyard master plan site. The project consists of 76 restricted rental units, 13 market rate units and 1 restricted managers' unit. The project will have 29 studio units, 45 one-bedroom units, 10 two-bedroom units and 6 three-bedroom units. The building will be 4-stories and Type IA concrete framed construction. Common amenities include laundry facilities, management offices, patios and terrace areas with a BBQ area and kitchenette. Each unit will have a refrigerator, range/oven and dishwasher. There are 45 covered parking spaces provided. Green features include energy efficient central natural gas boilers and hydronic heating system to offset common hot water and energy loads. The construction is expected to begin July 2018 and be completed in July 2020.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 86%

10% (9 units) restricted to 50% or less of area median income households.

74% (67 units) restricted to 60% or less of area median income households.

Unit Mix: Studio, 1, 2 & 3 bedrooms

The proposed project will not be providing service amenities.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$ 31,196,237	
Estimated Hard Costs per Unit:	\$ 190,000	(\$17,100,000 /90 units including mgr. units)
Estimated per Unit Cost:	\$ 346,625	(\$31,196,237 /90 units including mgr. units)
Allocation per Unit:	\$ 223,978	(\$20,157,987 /90 units including mgr. units)
Allocation per Restricted Rental Unit:	\$ 261,792	(\$20,157,987 /77 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 20,157,987	\$ 0
Taxable Bond Proceeds	\$ 0	\$ 10,744,577
LIH Tax Credit Equity	\$ 1,824,249	\$ 9,121,245
Deferred Developer Fee	\$ 3,095,900	\$ 1,317,815
Def Operating Reserves	\$ 255,501	\$ 0
CalHFA Gap Loan	\$ 0	\$ 2,500,000
Martis Foundation	\$ 0	\$ 1,650,000
Town of Truckee Loan	\$ 1,400,000	\$ 1,400,000
Inclusionary Land Contrib	\$ 1,681,000	\$ 1,681,000
HCD Infill Funds	\$ 1,281,600	\$ 1,281,600
Holliday Dev Gap Loan	\$ 1,500,000	\$ 1,500,000
Total Sources	\$ 31,196,237	\$ 31,196,237

Uses of Funds:	
Land Cost/Acquisition	\$ 2,962,600
New Construction	\$ 18,251,000
Contractor Overhead & Profit	\$ 1,368,000
Architectural Fees	\$ 500,000
Survey and Engineering	\$ 600,000
Construction Interest and Fees	\$ 756,000
Permanent Financing	\$ 191,800
Legal Fees	\$ 200,000
Reserves	\$ 255,501
Appraisal	\$ 10,000
Hard Cost Contingency	\$ 974,700
Local Development Impact Fees	\$ 1,625,245
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 405,491
Developer Costs	\$ 3,095,900
Total Uses	\$ 31,196,237

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:

54.5 out of 140 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$20,157,987 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	22
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	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
Total Points	140	120	54.5