

**THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**  
**May 18th, 2016**  
**Staff Report**  
**REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A**  
**QUALIFIED RESIDENTIAL RENTAL PROJECT**

*Prepared by: Louise Eller*

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**Applicant:** California Statewide Communities Development Authority

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**Allocation Amount Requested:**  
**Tax-exempt:** \$25,025,732

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**Project Information:**  
**Name:** Vista Sonoma Senior Living Apartments  
**Project Address:** 1401 Townview Avenue  
**Project City, County, Zip Code:** Santa Rosa, Sonoma, 95405

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**Project Sponsor Information:**  
**Name:** Vintage at Sonoma LP (Vintage Housing Holdings, LLC and  
Hearthstone CA Properties I, LLC)  
**Principals:** Michael K. Gancar for Vintage Housing Holdings, LLC. Socorro  
Vasquez, Juan Maldonado and Velma de la Rosa for Hearthstone  
CA Properties I, LLC.  
**Property Management Company:** FPI Management, Inc.

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**Project Financing Information:**  
**Bond Counsel:** Orrick, Herrington & Sutcliffe LLP  
**Underwriter:** Not Applicable  
**Credit Enhancement Provider:** Not Applicable  
**Private Placement Purchaser:** Citibank, N.A.  
**TEFRA Noticing Date:** November 13, 2015  
**TEFRA Adoption Date:** December 1, 2015

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**Description of Proposed Project:**  
**State Ceiling Pool:** General  
**Total Number of Units:** 187, plus 2 manager units  
**Type:** Acquisition and Rehabilitation  
**Type of Units:** Senior Citizens

Vista Sonoma Senior Living is an existing project located in Santa Rosa, Sonoma County, on a 9.46 acre site. The project consists of 187 restricted rental units and 2 managers' units. The project has 124 one-bedroom units and 63 two-bedroom units. The project consists of 4 three to four-story elevator-served buildings as well as a community building. The building is of wood frame construction on reinforced concrete slab foundation with stucco siding. All units feature carpeted living areas, window blinds throughout, central heating and air, stove/oven, refrigerator, dishwasher, and garbage disposal. Amenities include a community room, a beauty salon, a kitchen, picnic area, garden, laundry facilities and an activity room. The scope of work will include repair of asphalt, balconies, building entry doorways and frames, upgrade building entry doors to keyless, new vinyl floor coverings as needed, carpet replacements, interior and exterior paint, new energy efficient appliances, upgraded lighting, install carbon monoxide sensors, and repair kitchen cabinets and countertops as needed. The construction is expected to begin November 2016 and complete November 2017.

**Description of Public Benefits:**

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

10% (19 units) restricted to 50% or less of area median income households.

90% (168 units) restricted to 60% or less of area median income households.

**Unit Mix:** 1 & 2 bedrooms

The proposed project will be providing instructor led educational, health and wellness or skill building classes for a minimum of 84 hours per year as well as health and wellness services and programs for a minimum of 100 hours per year.

**Term of Restrictions:**

**Income and Rent Restrictions:** 55 years

**Details of Project Financing:**

|   |               |                                      |
|---|---------------|--------------------------------------|
| <b>Estimated Total Development Cost:</b>      | \$ 41,368,594 |                                      |
| <b>Estimated Hard Costs per Unit:</b>         | \$ 41,230     | (\$7,710,000 /187 units)             |
| <b>Estimated per Unit Cost:</b>               | \$ 221,222    | (\$41,368,594 /187 units)            |
| <b>Allocation per Unit:</b>                   | \$ 133,827    | (\$25,025,732 /187 units)            |
| <b>Allocation per Restricted Rental Unit:</b> | \$ 133,827    | (\$25,025,732 /187 restricted units) |

| <b>Sources of Funds:</b>   | Construction         | Permanent            |
|----------------------------|----------------------|----------------------|
| Tax-Exempt Bond Proceeds   | \$ 25,025,732        | \$ 18,997,994        |
| Income During Construction | \$ 2,056,513         | \$ 2,056,513         |
| LIH Tax Credit Equity      | \$ 4,650,089         | \$ 11,450,560        |
| Deferred Developer Fees    | \$ 4,136,376         | \$ 3,363,643         |
| Seller Carryback Loan      | \$ 2,660,000         | \$ 2,660,000         |
| Existing Reserves          | \$ 87,844            | \$ 87,844            |
| GP Contribution            | \$ 2,120,000         | \$ 2,120,000         |
| <b>Total Sources</b>       | <b>\$ 40,736,554</b> | <b>\$ 40,736,554</b> |

| <b>Uses of Funds:</b>                             |                      |
|---|----------------------|
| Land Cost/Acquisition                             | \$ 24,100,000        |
| Rehabilitation                                    | \$ 8,000,000         |
| Relocation  | \$ 283,500           |
| Architectural Fees                                | \$ 250,000           |
| Survey and Engineering                            | \$ 55,000            |
| Construction Interest and Fees                    | \$ 1,662,813         |
| Permanent Financing                               | \$ 118,000           |
| Legal Fees  | \$ 154,500           |
| Reserves  | \$ 456,562           |
| Appraisal   | \$ 10,000            |
| Contingency Cost                                  | \$ 800,000           |
| Permit Processing Fees                            | \$ 150,000           |
| Other Project Costs (Soft Costs, Marketing, etc.) | \$ 559,803           |
| Developer Costs                                   | \$ 4,136,376         |
| <b>Total Uses</b>                                 | <b>\$ 40,736,554</b> |

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**Description of Financial Structure and Bond Issuance:**

The bonds will be purchased in a private placement transaction by Citibank, N.A. During the construction financing phase the loan term will be for 24 months with a fixed interest rate estimated at 2.50%. During the permanent financing phase, the loan term will be for 17 years with an amortization period of 35 years at a fixed rate estimated at 4.125%.

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**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:** 77.5 out of 140

[See Attachment A]

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**Recommendation:**

Staff recommends that the Committee approve \$25,025,732 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   | 20            |
| Exceeding Minimum Income Restrictions:   | 35   | 15   | 25            |
| Exceeding Minimum Rent Restrictions<br>[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   | 0             |
| Community Revitalization Area  | 5  | 5  | 0             |
| Site Amenities   | 10   | 10   | 7.5           |
| Service Amenities  | 10   | 10   | 10            |
| New Construction or Substantial Renovation   | 10   | 10   | 10            |
| Sustainable Building Methods   | 10   | 10   | 0             |
| Forgone Eligible Developer Fee<br>(Competitive Allocation Process Only)                              | 10   | 10   | 0             |
| Minimum Term of Restrictions<br>(Competitive Allocation Process Only)                                | 10   | 10   | 0             |
| Negative Points (No Maximum)   | -10  | -10  | 0             |
| <b>Total Points</b>  | <b>140</b>   | <b>110</b>                                       | <b>77.5</b>   |

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.