

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
December 11, 2013
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Sarah Lester

Applicant: California Municipal Finance Authority

Allocation Amount Requested:
Tax-exempt: \$4,750,000

Project Information:
Name: Willows Senior Apartments
Project Address: 1330 W. Sycamore Street
Project City, County, Zip Code: Willows, Glenn, 95988

Project Sponsor Information:
Name: Willows Pacific Associates, LP (TPC Holdings V, LLC; QHDC; and West Coast Real Estate Ventures)
Principals: Caleb Roope for TPC Holdings V, LLC; Daniel Eulberg for QHDC; Mike Kelley and Robert Lawler for West Coast Real Estate Ventures
Property Management Company: Buckingham Property Management

Project Financing Information:
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Private Placement Purchaser: Wells Fargo Bank, N.A.
TEFRA Hearing Date: October 11, 2013

Description of Proposed Project:
State Ceiling Pool: Rural
Total Number of Units: 48, plus 1 manager unit
Type: New Construction
Type of Units: Senior Citizens

The proposed project is a new construction senior development. It will be located in the City of Willows, County of Glenn. It will be situated on a 3.4 acre parcel of land. The proposed development will consist of a 49-unit senior apartment community with a mix of 39 one-bedroom units (approximately 613 square feet) and 10 two-bedroom units (approximately 804 square feet). These senior apartments will provide affordable housing for seniors earning up to 45% of the area median income for Glenn County. The buildings will be designed as two-story garden style apartments with elevators. The community will be developed in one phase. The anticipated phase will be approximately 12 months.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
100% (48 units) restricted to 50% or less of area median income households.
Unit Mix: 1 & 2 bedrooms

No service amenities will be included in the project.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$ 8,802,808	
Estimated Hard Costs per Unit:	\$ 81,686	(\$3,920,905 /48 units)
Estimated per Unit Cost:	\$ 183,392	(\$8,802,808 /48 units)
Allocation per Unit:	\$ 98,958	(\$4,750,000 /48 units)
Allocation per Restricted Rental Unit:	\$ 98,958	(\$4,750,000 /48 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 4,750,000	\$ 325,000
LIH Tax Credit Equity	\$ 280,948	\$ 3,167,808
Direct & Indirect Public Funds	\$ 2,560,000	\$ 4,560,000
Other (Def. Costs & Def. Dev. Fee)	\$ 1,211,860	\$ 750,000
Total Sources	\$ 8,802,808	\$ 8,802,808

Uses of Funds:	
Land Purchase	\$ 505,000
On & Off Site Costs	\$ 980,000
Hard Construction Costs	\$ 2,940,905
Architect & Engineering Fees	\$ 600,000
Contractor Overhead & Profit	\$ 518,826
Developer Fee	\$ 1,034,739
Cost of Issuance	\$ 237,480
Capitalized Interest	\$ 190,000
Other Soft Costs (Marketing, etc.)	\$ 1,795,858
Total Uses	\$ 8,802,808

Description of Financial Structure and Bond Issuance:

The proposed project will be a private placement transaction provided by Wells Fargo Bank, N.A. The principal amount of the loan will be \$4,750,000 during the construction phase and \$325,000 during the permanent phase. The construction period will be 24 months with two (2) options of three (3) months to extend. During construction, the loan shall bear interest at a rate per annum equal to 250 bps above Lender's quoted one month LIBOR Rate. The rate will reset on the first day of each month. During the permanent phase, the loan shall bear interest at the greatest of 5.50% or 10-year AAA Municipal Market Data rate plus 3.00%. The Borrower shall pay equal payments of interest and principals based on up to both a 40-year loan term and amortization schedule.

Analyst Comments:

Not Applicable

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: 69 out of 130

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$4,750,000 in tax exempt bond allocation on a carryforward basis.

ATTACHMENT A

EVALUATION SCORING:

Point Criteria	Maximum Points Allowed for Non-Mixed Income Projects	Maximum Points Allowed for Mixed Income Projects	Points Scored
Federally Assisted At-Risk Project or HOPE VI Project	20	20	0
Exceeding Minimum Income Restrictions:	35	15	35
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Federally Assisted At-Risk Project or HOPE VI Project]	[10]	[10]	6.5
Gross Rents	5	5	5
Large Family Units	5	5	0
Leveraging	10	10	10
Community Revitalization Area	15	15	0
Site Amenities	10	10	2.5
Service Amenities	10	10	0
New Construction	10	10	10
Sustainable Building Methods	10	10	0
Negative Points	-10	-10	0
Total Points	130	100	69

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.