

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
November 12, 2014
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Devon King

Applicant: California Statewide Communities Development Authority

Allocation Amount Requested:
Tax-exempt: \$8,172,596

Project Information:
Name: Callen Street Apartments
Project Address: 1355,1367,1373,1385,1391,1408,1413,1414,1419,1425,
1431,1432,1437,1438,1443,1444,1449, and 1455 Callen Street
Project City, County, Zip Code: Vacaville, Solano, 95688

Project Sponsor Information:
Name: Callen Street Investors, L.P.
Principals: Cyrus Youssefi, Ali Youssefi of Callen Street Investors; John Cicerone of Egis Group; Charles Learned, Cassandra Patton, Ernest Kimrie, and Ed Forest of Vacaville Community Housing, Inc.
Property Management Company: AWI Management Corporation

Project Financing Information:
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Private Placement Purchaser: Umpqua Bank
TEFRA Adoption Date: September 9th, 2014

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 65, plus 1 manager unit
Type: New Construction/ Acquisition and Rehabilitation
Type of Units: Family

The proposed project is an existing 66 unit low income family rental housing project located in the City of Vacaville. The project site currently consists of 15 two-story buildings, and 3 one-story duplexes. After reconstruction and rehabilitation there will be 8 new two-story buildings, 1 rehabilitated two-story 4-plex, and 3 one-story duplexes. 56 units will be newly constructed and 10 units will be rehabbed units. The project site amenities will feature an on-site manager's office, Central laundry facility, exercise room, and community room. There will be 26 one-bedroom units approximately 625 sq.ft in size, and 39 two-bedroom units approximately 875 square feet in size. The rehabilitation and construction is estimated to begin in February 2015, and be completed in May 2016.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%

31% (20 units) restricted to 50% or less of area median income households.

69% (45 units) restricted to 60% or less of area median income households.

Unit Mix: 1 & 2 bedrooms

There will be no service amenities included in the proposed project

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$ 15,063,936	
Estimated Hard Costs per Unit:	\$ 50,000	(\$500,000 /10 units)
Estimated Hard Costs per Unit(New Const.):	\$ 96,733	(5,417,065 /56 units)
Estimated per Unit Cost:	\$ 231,753	(\$15,063,936 /65 units)
Allocation per Unit:	\$ 125,732	(\$8,172,596 /65 units)
Allocation per Restricted Rental Unit:	\$ 125,732	(\$8,172,596 /65 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 8,172,596	\$ 4,315,401
Deferred Developer Fee	\$ 1,394,503	\$ 168,143
LIH Tax Credit Equity	\$ 735,078	\$ 3,675,392
Direct & Indirect Public Funds	\$ 4,620,000	\$ 6,905,000
Other(Deferred Operating Reserve)	\$ 141,759	\$ 0
Total Sources	\$ 15,063,936	\$ 15,063,936

Uses of Funds:	
Acquisition/Land Purchase	\$ 4,620,000
On & Off Site Costs	\$ 1,731,154
Hard Construction Costs	\$ 3,685,911
Hard Construction Costs(Rehab)	\$ 500,000
Architect & Engineering Fees	\$ 215,000
Contractor Overhead & Profit	\$ 40,000
Contractor Overhead & Profit(New Construction)	\$ 433,365
Developer Fee	\$ 1,430,359
Relocation	\$ 105,550
Cost of Issuance	\$ 266,000
Capitalized Interest	\$ 150,000
Other Soft Costs (New Constuction)	\$ 1,690,307
Other Soft Costs (Marketing, etc.)	\$ 196,290
Total Uses	\$ 15,063,936

Description of Financial Structure and Bond Issuance:

The Financial Structure for the proposed project will be a private placement transaction provided by Umpqua Bank(the "Bank") for both the construction and permanent financing. The construction loan amount will be \$8,172,596 at a fixed interest rate of 175 basis points in excess of the 1- month LIBOR rates as of the date that the loan documents are finalized for a term of 18 months of its own portfolio. Various guaranties, that will be released upon conversion to permanent loan financing, will be required.) The permanent loan amount will be \$4,377, 805 on a monthly floating interest rate equal to a one month LIBOR plus credit spread of 1.37%. The amortization schedule will be for 420 months with payments occurring on the 20th of each month.

Analyst Comments:

This project is both a New Construction project, and a Acquisition Rehabilitation project. For scoring purposes this project can not receive New Construction points as per our regulations not all of its units being placed on the market have been newly constructed. However this staff report breaks down the different costs associated with the New Construction, and the Acquisition and Rehabilitation.

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: 60 out of 130
[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$8,172,596 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
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]	0
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	10
Service Amenities	10	10	0
New Construction	10	10	0
Sustainable Building Methods	10	10	0
Negative Points	-10	-10	0
Total Points	130	100	60

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.