

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
October 21, 2015
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: \$13,000,000

Project Information:
Name: Mill Creek Village Senior Apartments
Project Address: 508 18th Street
Project City, County, Zip Code: Bakersfield, Kern, 93301

Project Sponsor Information:
Name: Mill Creek Village CIC, LP (Pacific Southwest Community Development Corporation and CIC Mill Creek Village, LLC)
Principals: Robert W. Laing, Tony Reyes, Michael T. Walsh for Pacific Southwest Community Development Corporation; James Schmid, Cheri Hoffman, Charles A. Schmid and Lynn Harrington Schmid for CIC Mill Creek Village, LLC
Property Management Company: CIC Management, Inc.

Project Financing Information:
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Private Placement Purchaser: Rabobank, N.A.
TEFRA Adopted Date: May 6, 2015

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 62, plus 1 manager unit
Type: New Construction
Type of Units: Senior Citizens

The proposed project will be a new construction development producing 63 units (including 1 manager unit) targeting low income seniors in Bakersfield. The project will be built on a 1.19-acre site that is currently vacant land. The project will consist of one (1) two- and three-story building served by elevators with incorporated community space. Parking consists of 63 spaces in an unenclosed parking structure. The buildings will be wood-frame with stucco siding on slab on grade foundations. Exterior treatments include color cement plaster finish, vinyl window frames and sliding glass doors. The unit mix is 51 one-bedroom one-bath flats with 593 square feet and 11 two-bedroom one-bath flats with 916 square feet. Unit amenities will include blinds, carpeting and air conditioning. Each unit will be equipped with a frost-free refrigerator, dishwasher, stove/oven, and microwave. The units are targeted to households with incomes from 50% AMI to 60% AMI rents ranging from \$497 to \$653 based on the number of bedrooms and income level of the resident. Construction is expected to start in late-2015 and be completed by late-2016.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%

61% (38 units) restricted to 50% or less of area median income households.

39% (24 units) restricted to 60% or less of area median income households.

Unit Mix: 1 & 2 bedrooms

No service amenities will be provided.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$ 22,008,882	
Estimated Hard Costs per Unit:	\$ 191,021	(\$11,843,275 /62 units)
Estimated per Unit Cost:	\$ 354,982	(\$22,008,882 /62 units)
Allocation per Unit:	\$ 209,677	(\$13,000,000 /62 units)
Allocation per Restricted Rental Unit:	\$ 209,677	(\$13,000,000 /62 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 13,000,000	\$ 250,000
Deferred Developer Fee	\$ 0	\$ 155,610
LIH Tax Credit Equity	\$ 1,246,235	\$ 8,308,231
Direct & Indirect Public Funds	\$ 6,057,149	\$ 13,152,727
Other (Deferred Soft Loan Interest)	\$ 1,705,499	\$ 142,314
Total Sources	\$ 22,008,883	\$ 22,008,882

Uses of Funds:	
Acquisition/Land Purchase	\$ 790,000
On & Off Site Costs	\$ 1,084,000
Hard Construction Costs	\$ 10,759,275
Development Impact Fees	\$ 155,404
Architect & Engineering Fees	\$ 151,500
Contractor Overhead & Profit	\$ 1,040,315
Developer Fee	\$ 2,500,000
Off-Site Reimbursement to City	\$ 3,208,225
A&E Reimbursement to City	\$ 456,322
Cost of Issuance	\$ 93,814
Legal Fees	\$ 203,000
Contingency Cost	\$ 453,096
Reserves	\$ 82,799
Other Soft Costs (Third Party Reports, Furnishing, Marketing, etc.)	\$ 1,031,132
Total Uses	\$ 22,008,882

Description of Financial Structure and Bond Issuance:

The financial structure for the proposed project will be a private placement transaction provided by Rabobank, N.A. (the "Bank") for both construction and permanent financing. During the construction phase, the loan term will be for 24 months. The interest rate will be a fixed rate equal to the sum of the greater of 1-month LIBOR plus a spread of 2.50% or 3.00%. During the permanent financing phase, the loan term and amortization period will be for 15 years. The interest rate will be a fixed rate calculated on the basis of a 360-day year and 30-day month. The loan will bear interest on the basis of twelve (12) thirty (30) day months, at the greater of the ten year treasury yield curve index ("CMT") plus a spread of 3.25% or 5.65%. The indicative rate at the time of application was 5.65%. The bonds will be issued by the California Municipal Finance Authority.

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: 67.5 out of 130

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$13,000,000 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]	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	7.5
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	67.5

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.