

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
December 16, 2015
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Brian Clark

Applicant: Golden State Finance Authority

Allocation Amount Requested:
Tax-exempt: \$5,447,000

Project Information:
Name: Sycamore Walk Apartments
Project Address: 380 Pacheco Road
Project City, County, Zip Code: Bakersfield, Kern, 93307

Project Sponsor Information:
Name: Sycamore Bakersfield AR, LP (TELACU Homes, Inc. and HCHP Affordable Multi-Family, LLC)
Principals: John Clem, Michael D. Lizarraga and Paul Samuel for TELACU Homes, Inc.; Michael A. Costa, Robert W. Tetrault, Thomas E. Erickson and Judy Dossen for HCHP Affordable Multi-Family, LLC
Property Management Company: WinnResidential California, LP

Project Financing Information:
Bond Counsel: Kutak Rock, LLP
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Private Placement Purchaser: America First Tax Exempt Investors, LP
TEFRA Adoption Date: April 14, 2015

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 110, plus 2 manager units
Type: Acquisition and Rehabilitation
Type of Units: Family

The Project, constructed in 1999, is located on an approximately 6.43 acre site in Bakersfield. The Project, consisting of 14 two-story residential buildings, a community building and 229 parking spaces; houses 110 tenant units (60 two-bedroom units, 39 three-bedroom units and 11 four-bedroom units), a single three-bedroom manager's unit and a single four-bedroom manager's unit. Unit amenities include central heat/AC, blinds, carpeting, coat closet, patio/balcony, refrigerator, stove/oven and a dishwasher. Community amenities include a clubhouse/community room, computer room, laundry room, swimming pool, picnic area, playground and on-site management. Unit renovations will include new water heaters/backflow valves, refrigerators, faucet aerators, low-flow shower heads and upgraded insulation. Exterior renovations will include new roofing, playground equipment and swimming pool equipment; painting of all buildings, railings and fencing; mobility and communication modifications; termite/dry rot remediation; turf removal and irrigation modifications/upgrades. Rehabilitation is expected to begin in the first quarter of 2016 with completion in approximately the third quarter of 2016.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
100% (110 units) restricted to 50% or less of area median income households.
Unit Mix: 2, 3 & 4 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:	\$ 7,849,831	
Estimated Hard Costs per Unit:	\$ 10,721	(\$1,179,360 /110 units)
Estimated per Unit Cost:	\$ 71,362	(\$7,849,831 /110 units)
Allocation per Unit:	\$ 49,518	(\$5,447,000 /110 units)
Allocation per Restricted Rental Unit:	\$ 49,518	(\$5,447,000 /110 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 5,447,000	\$ 3,631,498
GSFA Loan	\$ 150,000	\$ 150,000
HCHP Developer Note	\$ 0	\$ 813,153
Seller Carryback Note	\$ 947,723	\$ 947,723
Deferred Costs	\$ 1,011,203	\$ 0
LIH Tax Credit Equity	\$ 157,881	\$ 2,171,433
Operating Income	\$ 136,024	\$ 136,024
Total Sources	\$ 7,849,831	\$ 7,849,831
Uses of Funds:		
Acquisition/Land Purchase	\$ 4,700,000	
Hard Construction Costs	\$ 1,179,360	
Architect & Engineering Fees	\$ 94,432	
Contractor Overhead & Profit	\$ 89,600	
Developer Fee	\$ 855,950	
Legal Fees	\$ 77,500	
Cost of Issuance	\$ 204,944	
Operating Reserve	\$ 166,651	
Construction and Permanent Financing	\$ 333,122	
Other Soft Costs (Marketing, etc.)	\$ 148,272	
Total Uses	\$ 7,849,831	

Description of Financial Structure and Bond Issuance:

During the construction financing phase the loan term will be for 24 months with a fixed interest rate of 5.25% for the Senior Series A Bonds and 5.50% for the Subordinate Series B Bonds. During the permanent financing phase, the loan term will be for 40 years with an amortization period of 35 years at a fixed interest rate equal to 5.25% for the Senior Series A Bonds and 5.50% for the Subordinate Series B Bonds. There was no underwritten rate provided.

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:

60 out of 130

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$5,447,000 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]	10
Gross Rents	5	5	5
Large Family Units	5	5	5
Leveraging	10	10	0
Community Revitalization Area	15	15	0
Site Amenities	10	10	5
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.