

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
May 18, 2016
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: \$24,895,000

Project Information:
Name: Crossroads Apartments
Project Address: 1990-2030 Burbank Avenue
Project City, County, Zip Code: Santa Rosa, Sonoma, 95407

Project Sponsor Information:
Name: Crossroads, LP (Crossroads Apartments LLC)
Principals: Charles A. Cornell
Property Management Company: Burbank Housing Management Corporation

Project Financing Information:
Bond Counsel: Jones Hall, A Professional Law Corporation
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Private Placement Purchaser: Wells Fargo Bank, N.A.
TEFRA Noticing Date: February 26, 2016
TEFRA Adoption Date: March 15, 2016

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 78, plus 1 manager unit
Type: New Construction
Type of Units: Family

The proposed project is a new construction development located on a 4.85-acre site at 1990 - 2030 Burbank Avenue in the city of Santa Rosa in the County of Sonoma. Crossroads will be a 79-unit multifamily rental development which will serve Sonoma County households earning between 30% and 60% of area median income. The design includes 22 one-bedroom, 24 two-bedroom, and 33 three-bedroom units, with on-grade parking, laundry, and indoor and outdoor community spaces. Fifty-three (53) units will be assisted with Section 8 Project-Based Vouchers (PBV's) and Burbank Housing intends to provide housing for sixteen (16) previously homeless households with PBV rental assistance. Units are located in twenty (20) buildings containing 3-6 units each. There will be a 3,049 square foot community building, in which the manager and service coordinator offices, lobby, kitchen, storage, restrooms and laundry room will be located, is central to the apartment complex. Parking will include 103 uncovered parking stalls off-street and 33 stalls on-street. Handicap and visitor parking will be placed throughout the complex. Construction is anticipated to begin in August, 2016 and completed by January 2018.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%

92% (72 units) restricted to 50% or less of area median income households.

8% (6 units) restricted to 60% or less of area median income households.

Unit Mix: 1, 2 & 3 bedrooms

The proposed project will provide a bona fide service coordinator/social worker for 400 hours per year.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$	38,877,615	
Estimated Hard Costs per Unit:	\$	258,385	(\$20,154,066 /78 units)
Estimated per Unit Cost:	\$	498,431	(\$38,877,615 /78 units)
Allocation per Unit:	\$	319,167	(\$24,895,000 /78 units)
Allocation per Restricted Rental Unit:	\$	319,167	(\$24,895,000 /78 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 24,895,000	\$ 12,849,000
LIH Tax Credit Equity	\$ 1,280,162	\$ 12,645,985
Developer Equity	\$ 1,008,335	\$ 0
Itemized Public Funds Sources	\$ 9,592,513	\$ 0
Costs Deferred (Def. Dev. Fee & Soft Interest)	\$ 2,235,206	\$ 1,352,098
Sonoma Co. CDBG/HOME	\$ 0	\$ 5,042,513
Sonoma Co.-2016-17 HOME	\$ 0	\$ 300,000
City of Santa Rosa RDA/HTF	\$ 0	\$ 4,250,000
Accrued Deferred Interest	\$ 0	\$ 228,649
GP Equity	\$ 0	\$ 2,016,670
GP Equity (Sales Proceeds SFR)	\$ 0	\$ 175,000
LP Equity Energy Tax Credits	\$ 0	\$ 17,700
Total Sources	\$ 39,011,216	\$ 38,877,615

Uses of Funds:	
Land Cost/Acquisition	\$ 2,907,445
Predev. Int/Holding Cost	\$ 1,409,952
Environmental Mitigation	\$ 1,100,000
New Construction	\$ 21,250,386
Architectural Fees	\$ 625,897
Survey & Engineering	\$ 457,419
Construction Interest and Fees	\$ 1,892,063
Permanent Financing	\$ 60,000
Legal Fees	\$ 65,000
Reserves	\$ 299,611
Appraisal	\$ 20,700
Contingency Cost	\$ 1,743,160
Local Development Impact Fees	\$ 1,630,476
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 1,067,365
Developer Costs	\$ 4,348,141
Total Uses	\$ 38,877,615

Description of Financial Structure and Bond Issuance:

The financial structure for the proposed project will be a private placement transaction provided by Wells Fargo Bank, N.A. During the construction financing phase the loan term will be for 24 months with a variable interest rate equal to the 30-day LIBOR Rate that will reset on the first day of each month. During the permanent financing phase, the loan term will be for 17 years with an amortization period of 35 years at a fixed rate of 4%. The Bonds will be issued by the California Municipal Finance Authority.

Analyst Comments:

None

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: 92.5 out of 140

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$24,895,000 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
Preservation Project	20	20	0
Exceeding Minimum Income Restrictions:	35	15	35
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	10
Gross Rents	5	5	5
Large Family Units	5	5	5
Leveraging	10	10	10
Community Revitalization Area	5	5	0
Site Amenities	10	10	2.5
Service Amenities	10	10	5
New Construction or Substantial Renovation	10	10	10
Sustainable Building Methods	10	10	10
Forgone Eligible Developer Fee (Competitive Allocation Process Only)	10	10	0
Minimum Term of Restrictions (Competitive Allocation Process Only)	10	10	0
Negative Points (No Maximum)	-10	-10	0
Total Points	140	120	92.5

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.