

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: Brian Clark

Applicant: California Statewide Communities Development Authority

Allocation Amount Requested:
Tax-exempt: \$11,000,000

Project Information:
Name: Rocky Hill Veterans Apartments
Project Address: West of Rocky Hill Road, South of Holly Lane
Project City, County, Zip Code: Vacaville, Solano, 95688

Project Sponsor Information:
Name: Trower Housing Partners, LP (Community Development Partners, Vacaville Community Housing and Affordable Housing Alliance II, Inc., dba Integrity Housing)
Principals: Eric Paine, Kyle Paine and Sean Robbins for Community Development Partners; Charlie Learned, Cassandra Patton and Martin Pehl for Vacaville Community Housing; Anjela Ponce, Phil Wood and Dawn Allen for Affordable Housing Alliance II, Inc., dba Integrity Housing
Property Management Company: Solari Enterprises, Inc.

Project Financing Information:
Bond Counsel: Orrick, Herrington & Sutcliffe, LLP
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Private Placement Purchaser: Citibank, NA
TEFRA Noticing Date: March 4, 2016
TEFRA Adoption Date: March 22, 2016

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 38, plus 1 manager unit
Type: New Construction
Type of Units: Family

The proposed Project will support Veterans, including chronically homeless Veterans, and will consist of 3 two-story residential buildings, a community building and 36 surface parking spaces located on a 1.42 acre site in Vacaville. The Project will contain 38 tenant units (11 one-bedroom units, 15 three-bedroom units and 12 four-bedroom units) and a single one-bedroom manager's unit. Unit amenities will include private entrance, central heat/AC, carpeting, window coverings, stove/oven, refrigerator, dishwasher, and garbage disposal. Site amenities will include on-site management, resident service offices, community kitchen, community room, storage room, computer stations, TV area, classroom space, community garden, courtyard, laundry rooms and BBQ/picnic areas. Construction is expected to begin in September 2016 with completion in August 2017.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%

37% (14 units) restricted to 50% or less of area median income households.

63% (24 units) restricted to 60% or less of area median income households.

Unit Mix: 1, 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:	\$ 13,312,020	
Estimated Hard Costs per Unit:	\$ 166,842	(\$6,340,000 /38 units)
Estimated per Unit Cost:	\$ 350,316	(\$13,312,020 /38 units)
Allocation per Unit:	\$ 289,474	(\$11,000,000 /38 units)
Allocation per Restricted Rental Unit:	\$ 289,474	(\$11,000,000 /38 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 11,000,000	\$ 2,582,216
City of Vacaville (Carryback) Loan	\$ 1,000,000	\$ 1,000,000
LIH Tax Credit Equity	\$ 237,452	\$ 5,016,335
Deferred Developer Fee	\$ 1,000,000	\$ 681,365
VHHP Loan	\$ 0	\$ 3,577,535
Fed. Home Loan Bank of SF Loan	\$ 0	\$ 380,000
Income During Construction	\$ 74,568	\$ 74,569
Total Sources	\$ 13,312,020	\$ 13,312,020

Uses of Funds:	
Land Cost/Acquisition	\$ 1,000,000
New Construction	\$ 7,576,300
Development Impact Fees	\$ 1,498,665
Architectural Fees	\$ 248,000
Survey & Engineering Fees	\$ 110,000
Construction Interest & Fees	\$ 264,704
Permanent Financing	\$ 119,608
Legal Fees	\$ 195,000
Reserves	\$ 97,411
Appraisal	\$ 8,000
Contingency	\$ 378,815
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 415,517
Developer Costs	\$ 1,400,000
Total Uses	\$ 13,312,020

Description of Financial Structure and Bond Issuance:

The bonds will be purchased as a private placement transaction by Citibank, NA. During the construction financing phase the loan term will be for 24 months with a fixed interest rate estimated to be 3.30%. During the permanent financing phase, the loan term will be for 30 years with an amortization period of 35 years at a fixed rate estimated to be 4.50%.

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: 70 out of 140

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$11,000,000 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	0
Community Revitalization Area	5	5	0
Site Amenities	10	10	5
Service Amenities	10	10	0
New Construction or Substantial Renovation	10	10	10
Sustainable Building Methods	10	10	0
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	70

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.