

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
July 20, 2016
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: \$37,500,000

Project Information:

Name: Campus Oaks Phase I Apartments
Project Address: Southwest Corner of Crimson Ridge Dr. & HP Way
Project City, County, Zip Code: Roseville, Placer, 95747

Project Sponsor Information:

Name: Campus Oaks Apartments, LLC
Principals: Scott I. Canel of Campus Oaks Apartment, LLC
Property Management Company: Ten South Management Company

Project Financing Information:

Bond Counsel: Kutak Rock LLP
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Private Placement Purchaser: U.S. Bank N.A./ Walker & Dunlop
TEFRA Noticing Date: May 13, 2016
TEFRA Adoption Date: June 1, 2016

Description of Proposed Project:

State Ceiling Pool: Mixed Income
Total Number of Units: 184, plus 1 manager unit
Type: New Construction
Type of Units: Family

Campus Oaks Apartments Phase 1 is located on 8.91 acres of land on the southwest corner of HP Way and Crimson Ridge Drive in Roseville, California. The parcel is located on flat land and is a part of the 234.53 acre plan area for the Hewlett Packard Roseville Campus Oaks Master Plan. The Master Plan includes up to 396 apartment units (185 apartment units will be constructed in Phase 1 of Campus Oaks Apartments, and 210 apartment units will be constructed in Phase 2 of Campus Oaks Apartments). The apartment project will feature two types of buildings. It will contain 3-story walk-up apartments with balconies surrounding a courtyard, and five buildings comprised of 25 units and including 17 garage spaces. Phase 1 will also consist of 60 two and three bedroom townhouse units with two car attached garages located in buildings of six or ten attached units. Phase 1 will consist of 42 very low income units scattered throughout the project within the five U-shaped courtyard apartments, together with 143 market rate units. All of the units will have access to the community clubhouse and fitness center, which will include, among other things, a lap pool, a resort pool, a spa, a cardio fitness center, a cross training fitness center/weight room, a yoga studio with live online classes paid for by ownership, a boxing room, and bocce ball courts. Campus Oaks Apartments Phase 1 will also have easy access to a highly developed trail system that will run through the HP Campus Oaks Master Plan. The expected start date for construction of the infrastructure for Phase 1 of the Campus Oaks Apartments is October 2016.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 23%
23% (42 units) restricted to 50% or less of area median income households.
Unit Mix: 1 & 2 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:	\$ 41,664,280	
Estimated Hard Costs per Unit:	\$ 134,738	(\$24,791,746 /184 units)
Estimated per Unit Cost:	\$ 226,436	(\$41,664,280 /184 units)
Allocation per Unit:	\$ 203,804	(\$37,500,000 /184 units)
Allocation per Restricted Rental Unit:	\$ 203,804	(\$37,500,000 /42 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 37,500,000	\$ 35,900,000
LIH Tax Credit Equity	\$ 6,322,438	\$ 5,764,280
Total Sources	\$ 43,822,438	\$ 41,664,280

Uses of Funds:	
Land Cost/Acquisition	\$ 4,449,367
New Construction	\$ 27,165,728
Architectural Fees	\$ 400,000
Survey and Engineering	\$ 265,500
Construction Interest and Fees	\$ 1,703,722
Permanent Financing	\$ 216,250
Legal Fees	\$ 210,000
Local Development Impact Fees	\$ 6,430,318
Permit Processing Fees	\$ 156,630
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 606,765
Developer Costs	\$ 60,000
Total Uses	\$ 41,664,280

Description of Financial Structure and Bond Issuance:

The proposed financial structure will be private placement by U.S. Bank N.A for the construction and Walker Dunlop via Freddie Mac for the permanent lender. The construction loan term will be 24 months with a variable interest rate of the 30-Day LIBOR plus 275 basis points. The permanent financing phase will have a term of 15 years plus an amortization period of 35 years. The loan shall carry a variable interest rate of 261 basis points over the ten year Treasury Note Rate. Freddie Mac's Unfunded Forward Tax Exempt Loan Program will be apart of the permanent financing.

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:

48 out of 120

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$37,500,000 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	8
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	0
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	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	48

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.