

**THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**  
**September 21, 2016**  
**Staff Report**  
**REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A**  
**QUALIFIED RESIDENTIAL RENTAL PROJECT**

*Prepared by: Louise Eller*

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**Applicant:** City of Livermore

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**Allocation Amount Requested:**  
**Tax-exempt:** \$21,739,000

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**Project Information:**  
**Name:** Stoney Creek Apartments  
**Project Address:** 5896 East Avenue  
**Project City, County, Zip Code:** Livermore, Alameda, 94550

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**Project Sponsor Information:**  
**Name:** Stoney Creek Two, L.P. (Stoney Creek Two LLC)  
**Principals:** Nick Randall, Janet Lockhart, Kathleen Hamm, Jim Kennedy,  
Linda Mandolini and Jan Peters for Stoney Creek Two LLC  
**Property Management Company:** Eden Housing Management, Inc.

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**Project Financing Information:**  
**Bond Counsel:** Jones Hall, A Professional Law Corporation  
**Private Placement Purchaser:** Wells Fargo Bank, N.A. (construction)  
California Community Reinvestment Corporation (permanent)  
**Public Sale:** Not Applicable  
**Underwriter:** Not Applicable  
**TEFRA Noticing Date:** June 1, 2016  
**TEFRA Adoption Date:** June 14, 2016

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**Description of Proposed Project:**  
**State Ceiling Pool:** General  
**Total Number of Units:** 69, plus 1 manager unit  
**Type:** Acquisition and Rehabilitation  
**Type of Units:** Family

Stoney Creek Apartments is an existing project located in Livermore on a 4.4 acre site. The project consists of 69 restricted rental units and 1 manager's unit. The project has 36 two-bedroom units and 33 three-bedroom units. The site has ten buildings surrounding five interior courtyards. The building improvements include roof replacement, remove and replace siding, replace windows and sliding glass doors, repair or replace stairs and repair or remove balconies and decks. The project will also perform energy efficiency by improving site energy efficiency by 10%, upgrade HVAC, mechanical and electrical systems as well as retrofit irrigation system and add drought resistant landscaping. The unit interior improvements include replacing and upgrading lighting, flooring, cabinets, countertops, unit appliances and bathroom exhaust fans. In addition, multiple ADA upgrades will be completed. The construction is expected to begin in November of 2016 and complete November 2017.

**Description of Public Benefits:**

**Percent of Restricted Rental Units in the Project:** 100%

43% (30 units) restricted to 50% or less of area median income households.

57% (39 units) restricted to 60% or less of area median income households.

**Unit Mix:** 2 & 3 bedrooms

The proposed project will not be providing service amenities.

**Term of Restrictions:**

**Income and Rent Restrictions:** 55 years

**Details of Project Financing:**

<b>Estimated Total Development Cost:</b>	\$ 31,363,916	
<b>Estimated Hard Costs per Unit:</b>	\$ 120,940	(\$8,344,852 /69 units)
<b>Estimated per Unit Cost:</b>	\$ 454,550	(\$31,363,916 /69 units)
<b>Allocation per Unit:</b>	\$ 315,058	(\$21,739,000 /69 units)
<b>Allocation per Restricted Rental Unit:</b>	\$ 315,058	(\$21,739,000 /69 restricted units)

<b>Sources of Funds:</b>	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 21,739,000	\$ 1,308,000
HCD-RHCP Assume/Recast	\$ 6,049,842	\$ 6,049,842
LIH Tax Credit Equity	\$ 1,227,983	\$ 13,394,060
City of Livermore RDA	\$ 1,260,192	\$ 1,260,192
LP Equity - Energy Tax Credits	\$ 0	\$ 103,500
GP Equity Existing Reserves	\$ 167,571	\$ 167,571
GP Equity	\$ 0	\$ 2,736,591
Deferred Costs	\$ 755,584	\$ 0
Accrued/Deferred Interest	\$ 163,744	\$ 163,744
Income from Operations Prior to Conversion	\$ 0	\$ 165,815
Deferred Developer Fee	\$ 0	\$ 377,894
Eden Permanent Loan	\$ 0	\$ 4,886,707
City of Livermore In Lieu Loan	\$ 0	\$ 750,000
<b>Total Sources</b>	<b>\$ 31,363,916</b>	<b>\$ 31,363,916</b>

<b>Uses of Funds:</b>	
Land Cost/Acquisition	\$ 12,581,250
Rehabilitation	\$ 9,710,000
Relocation	\$ 400,000
Architectural Fees	\$ 490,000
Survey and Engineering	\$ 450,000
Construction Interest and Fees	\$ 1,332,166
Permanent Financing	\$ 61,980
Legal Fees	\$ 80,000
Reserves	\$ 230,745
Appraisal	\$ 7,500
Contingency Cost	\$ 1,456,500
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 649,290
Developer Costs	\$ 3,914,485
<b>Total Uses</b>	<b>\$ 31,363,916</b>

**Analyst Comments:**

None

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**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.

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**Total Points:**

70 out of 140

[See Attachment A]

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**Recommendation:**

Staff recommends that the Committee approves \$21,739,000 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]	0
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	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
<b>Total Points</b>	<b>140</b>	<b>120</b>	<b>70</b>

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.