

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

Applicant: California Statewide Communities Development Authority

Allocation Amount Requested: Tax-exempt: \$24,500,000

Project Information:

Name: Polo Run Family Apartments
Project Address: 8165 Palisades Drive
Project City, County, Zip Code: Stockton, San Joaquin, 95210

Project Sponsor Information:

Name: Polo Run Family Apartments, L.P. (ROEM Polo Run Family Apartments, LLC & Pacific Housing)
Principals: Robert Emami for ROEM Polo Run Family Apartments, LLC and Mark Wiese for Pacific Housing
Property Management Company: FPI Management, Inc.

Project Financing Information:

Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Private Placement Purchaser: Citibank, N.A.
Public Sale: Not Applicable
Underwriter: Not Applicable
TEFRA Noticing Date: July 22, 2016
TEFRA Adoption Date: August 9, 2016

Description of Proposed Project:

State Ceiling Pool: General
Total Number of Units: 315, plus 3 manager units
Type: Acquisition and Rehabilitation
Type of Units: Family

Polo Family Run Apartments is an existing project located in Stockton on a 19.15 acre site. The project consists of 315 restricted rental units and 3 managers' units. The project has 96 one-bedroom units, 190 two-bedroom units and 29 three-bedroom units. The scope of the rehabilitation includes replacing damaged sewer lines, replace damaged AC areas in parking lot, seal and stripe parking stalls, improve landscaping, irrigation and pavement, replace dry-rot damaged lumber on buildings, repaid a stair case, replace kitchen and bathroom cabinets and install kitchen countertops. In addition, damaged deck coatings will be replaced, new insulation will be installed in all building attics and install new roofs, replace/repair entry gates, doors and windows and paint as needed. New appliances will be installed and plumbing fixtures will be replaced. Rehabilitation is expected to begin August 2016 and complete August 2017.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%

10% (33 units) restricted to 50% or less of area median income households.

90% (282 units) restricted to 60% or less of area median income households.

Unit Mix: 1, 2 & 3 bedrooms

The proposed project will be providing an after school program for at least 10 hours per week throughout the school year and instructor-led educational, health and wellness or skill building classes for a minimum of 84 hours per year.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$ 36,760,884	
Estimated Hard Costs per Unit:	\$ 22,023	(\$6,937,184 /315 units)
Estimated per Unit Cost:	\$ 115,600	(\$36,760,884 /318 units including manager un
Allocation per Unit:	\$ 77,778	(\$24,500,000 /315 units)
Allocation per Restricted Rental Unit:	\$ 77,778	(\$24,500,000 /315 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds - Tranche A	\$ 17,090,019	\$ 17,090,019
Tax-Exempt Bond Proceeds - Tranche B	\$ 7,103,210	\$ 0
LIH Tax Credit Equity	\$ 6,362,004	\$ 12,724,008
Lease Up Income	\$ 1,852,388	\$ 1,852,388
Deferred Developer Fee	\$ 3,798,000	\$ 3,798,000
Deferred Reserve Funding	\$ 555,263	\$ 0
Co-General Partner Loan	\$ 0	\$ 1,296,469
Total Sources	\$ 36,760,884	\$ 36,760,884

Uses of Funds:	
Land Cost/Acquisition	\$ 20,550,000
Rehabilitation	\$ 8,345,399
Relocation	\$ 200,000
Contractor Overhead	\$ 124,068
Architectural Fees	\$ 30,000
Construction Interest and Fees	\$ 2,407,341
Permanent Financing	\$ 45,000
Legal Fees	\$ 145,000
Reserves	\$ 555,263
Appraisal	\$ 6,000
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 524,813
Developer Costs	\$ 3,828,000
Total Uses	\$ 36,760,884

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:

62.5 out of 140

[See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$24,500,000 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	25
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	7.5
Service Amenities	10	10	10
New Construction or Substantial Renovation	10	10	0
Sustainable Building Methods	10	10	5
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	62.5

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.