

**THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**  
**October 19, 2016**  
**Staff Report**  
**REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A**  
**QUALIFIED RESIDENTIAL RENTAL PROJECT**

*Prepared by: Sarah Lester*

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**Applicant:** California Public Finance Authority

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**Allocation Amount Requested:**  
**Tax-exempt:** \$14,500,000

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**Project Information:**  
**Name:** Carolina Heights Apartments  
**Project Address:** 135 Carolina Street  
**Project City, County, Zip Code:** Vallejo, Solano, 94590

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**Project Sponsor Information:**  
**Name:** Solano Carolina Partners, LP (Solano Affordable Housing Foundation)  
**Principals:** Viola Robertson, Robert Jones, G. Ben Huber and Clarence E. Sanders for Solano Affordable Housing Foundation  
**Property Management Company:** John Stewart Company

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**Project Financing Information:**  
**Bond Counsel:** Orrick, Herrington & Sutcliffe LLP  
**Private Placement Purchaser:** RBC Capital Markets  
**Public Sale:** Cash Collateralized A-Rated or Higher  
**Underwriter:** RBC Capital Markets  
**Rating:** AA+ Standard & Poors  
**TEFRA Noticing Date:** May 24, 2016  
**TEFRA Adoption Date:** June 7, 2016

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**Description of Proposed Project:**  
**State Ceiling Pool:** General  
**Total Number of Units:** 151, plus 1 manager unit  
**Type:** Acquisition and Rehabilitation  
**Type of Units:** Family

The Carolina Heights project is an existing development located on 5.63 acres in Solano County. There are 151 affordable units and one manager unit in 9 residential buildings. The unit configuration of the 151 affordable units consists of 72 one-bedroom units and 79 two-bedroom units all restricted to households with incomes no greater than 60% of the area median income. The scope of rehabilitation will include, but not limited to interior & exterior painting, new doors & windows, unit hardware improvements, plumbing & electrical upgrades and parking. The rehabilitation is anticipated to begin December 2016 with expected completion October 2017.

**Description of Public Benefits:**

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

21% (31 units) restricted to 50% or less of area median income households.

79% (120 units) restricted to 60% 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:**

<b>Estimated Total Development Cost:</b>	\$ 28,289,962	
<b>Estimated Hard Costs per Unit:</b>	\$ 29,745	(\$4,491,562 /151 units)
<b>Estimated per Unit Cost:</b>	\$ 186,118	(\$28,289,962 /152 units including mgr. units)
<b>Allocation per Unit:</b>	\$ 96,026	(\$14,500,000 /151 units)
<b>Allocation per Restricted Rental Unit:</b>	\$ 96,026	(\$14,500,000 /151 restricted units)

<b>Sources of Funds:</b>	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 14,500,000	\$ 0
Taxable Bond Proceeds	\$ 0	\$ 14,398,400
Seller Carryback Bridge	\$ 4,200,000	\$ 0
Seller Carryback Perm	\$ 4,250,000	\$ 0
Existing Reserves from Seller	\$ 17,260	\$ 17,260
LIH Tax Credit Equity	\$ 3,288,452	\$ 8,887,708
FHA Loan Proceeds	\$ 1,098,400	\$ 0
Deferred Developer Fee	\$ 0	\$ 19,580
Deferred Costs & Fees	\$ 875,110	\$ 0
Seller Carryback Loan	\$ 0	\$ 4,250,000
Short Term Work from Seller	\$ 60,740	\$ 60,740
Net Income From Operations	\$ 0	\$ 656,274
<b>Total Sources</b>	<b>\$ 28,289,962</b>	<b>\$ 28,289,962</b>

<b>Uses of Funds:</b>	
Land Cost/Acquisition	\$ 13,325,000
Rehabilitation	\$ 4,951,962
Construction Contingency	\$ 765,000
Relocation	\$ 1,200,000
Contractor Overhead	\$ 217,214
Architectural Fees	\$ 200,000
Survey and Engineering	\$ 200,000
Construction Interest and Fees	\$ 2,549,293
Permanent Financing	\$ 284,374
Legal Fees	\$ 155,000
Reserves	\$ 821,437
Appraisal	\$ 10,000
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 588,109
Developer Costs	\$ 3,022,573
<b>Total Uses</b>	<b>\$ 28,289,962</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:**

65 out of 140

[See Attachment A]

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**Recommendation:**

Staff recommends that the Committee approves \$14,500,000 in tax exempt bond allocation on a carryforward basis.

**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	20
Exceeding Minimum Income Restrictions:	35	15	30
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	0
Leveraging	10	10	0
Community Revitalization Area	5	5	0
Site Amenities	10	10	10
Service Amenities	10	10	0
New Construction or Substantial Renovation	10	10	0
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>110</b>	<b>65</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.