

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: Louise Eller

Applicant: California Statewide Communities Development Authority

Allocation Amount Requested:
Tax-exempt: \$35,000,000

Project Information:
Name: Harbor Park Apartments
Project Address: 969 Porter Street
Project City, County, Zip Code: Vallejo, Solano, 94590

Project Sponsor Information:
Name: Harbor Park Apartments, L.P. (Vallejo Apartments GP, LLC and Casa Major, Inc.)
Principals: Robert N. Klein for Vallejo Apartments GP, LLC and Nancy A. Riley, Carol A. Bradley and Mary Ruth Virgil for Casa Major, Inc.
Property Management Company: Alliance Residential Company

Project Financing Information:
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Private Placement Purchaser: Deutsche Bank AG, New York Branch
Public Sale: Not Applicable
Underwriter: Not Applicable
TEFRA Noticing Date: August 26, 2016
TEFRA Adoption Date: September 13, 2016

Description of Proposed Project:
State Ceiling Pool: Mixed Income
Total Number of Units: 181, plus 1 manager unit
Type: Acquisition and Rehabilitation
Type of Units: Family

Harbor Park Apartments is an existing project located in Vallejo on a 13 acre site. The project consists of 73 restricted rental units, 108 market rate units and 1 manager unit. The project will have a one-bedroom unit, 85 two-bedroom units and 95 three-bedroom units. The scope of the rehabilitation includes renovation of interiors of all units. The units will be enhanced with new cabinet doors and drawers, new paint, new windows and fixtures, upgraded flooring, upgraded appliance packages, and other enhanced interior finishes. The exterior renovation includes paint, plumbing, roofs on selected buildings, added new garages for the residents and photovoltaic solar system to offset the common area electric and other energy efficient items.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 40%
10% (19 units) restricted to 50% or less of area median income households.
30% (54 units) restricted to 60% or less of area median income households.
Unit Mix: 1, 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:

Estimated Total Development Cost:	\$	40,551,325	
Estimated Hard Costs per Unit:	\$	16,185	(\$2,929,425 /181 units)
Estimated per Unit Cost:	\$	222,809	(\$40,551,325 /182 units including mgr. units)
Allocation per Unit:	\$	193,370	(\$35,000,000 /181 units)
Allocation per Restricted Rental Unit:	\$	479,452	(\$35,000,000 /73 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 35,000,000	\$ 35,000,000
Developer Equity	\$ 1,605,408	\$ 1,605,408
LIH Tax Credit Equity	\$ 3,945,917	\$ 3,945,917
Total Sources	\$ 40,551,325	\$ 40,551,325

Uses of Funds:	
Land Cost/Acquisition	\$ 28,100,000
Rehabilitation	\$ 3,309,770
Relocation	\$ 75,000
Contractor Overhead	\$ 58,580
Architectural Fees	\$ 29,783
Construction Interest and Fees	\$ 2,128,000
Permanent Financing	\$ 1,000,000
Legal Fees	\$ 500,000
Appraisal	\$ 5,000
Contingency Cost	\$ 170,000
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 1,175,192
Developer Costs	\$ 4,000,000
Total Uses	\$ 40,551,325

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:

34.5 out of 110

[See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$35,000,000 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	20
Exceeding Minimum Income Restrictions:	35	15	5
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	0
Gross Rents	5	5	0
Large Family Units	5	5	5
Leveraging	10	10	0
Community Revitalization Area	5	5	0
Site Amenities	10	10	2.5
Service Amenities	10	10	0
New Construction or Substantial Renovation	10	10	0
Sustainable Building Methods	10	10	2
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	110	34.5

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.