

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: Richard Fischer

Applicant: California Municipal Finance Authority

Allocation Amount Requested:
Tax-exempt: \$3,645,000

Project Information:
Name: Owendale Mutual Housing Community Apartments
Project Address: 3023 Albany Avenue
Project City, County, Zip Code: Davis, Yolo, 95618

Project Sponsor Information:
Name: Owendale Mutual Housing Associates, L.P. (Mutual Housing of California)
Principals: Rachel Iskow for Mutual Housing of California
Property Management Company: Mutual Housing Management

Project Financing Information:
Bond Counsel: Jones Hall, A Professional Law Corporation
Private Placement Purchaser: BBVA Compass (construction)
Public Sale: Not Applicable
Underwriter: Not Applicable
TEFRA Noticing Date: August 12, 2016
TEFRA Adoption Date: August 30, 2016

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 44, plus 1 manager unit
Type: Acquisition and Rehabilitation
Type of Units: Family

Owendale Mutual Housing Community Apartments is located at 3023 Albany Avenue in Davis. Originally constructed in 2003, the multi-family community's 45 units are situated on a 2.3 acre site. There are six residential buildings ranging from one to three stories in height. The community building, which houses the manager's office, resident community room, and common laundry room, is centrally located. There is also a swimming pool, tot lot, and community garden located onsite. Plentiful onsite surface parking is also provided. The community's unit mix includes 14 one-bedroom/one-bath (584 square feet) units, 15 two-bedroom/one-bath (900 square feet) units, 15 three-bedroom/two-bath units (1,050 square feet) units, and one manager's unit. The current tenant population is comprised of families and seniors. It is not anticipated that the populations served following rehabilitation will change. Following the property's rehabilitation, five units will be designated for developmentally disabled households who are eligible for rental assistance under HUD's Section 811 Project-Based Rental Assistance program. The project received a Section 811 commitment in January 2016 from CalHFA. The planned rehabilitation includes repairing extensive cracks in the buildings' stucco exteriors, repainting and re-roofing the buildings, enhancing and making more drought tolerant the landscaping, installing a new water-wise irrigation system, installing new energy efficient LED building and site lighting, and upgrading the patio fencing and trash enclosures. Rehabilitation within the units will include installation of energy efficient heating-air conditioning systems, appliances, water heaters, bathroom fans, flooring, as well as water- and energy-efficient plumbing and lighting fixtures.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
82% (36 units) restricted to 50% or less of area median income households.
18% (8 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:	\$	9,938,158	
Estimated Hard Costs per Unit:	\$	53,443	(\$2,351,475 /44 units)
Estimated per Unit Cost:	\$	220,848	(\$9,938,158 /45 units including mgr. units)
Allocation per Unit:	\$	82,841	(\$3,645,000 /44 units)
Allocation per Restricted Rental Unit:	\$	82,841	(\$3,645,000 /44 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 3,645,000	\$ 0
LIH Tax Credit Equity	\$ 271,199	\$ 2,385,994
City of Davis RDA Loan	\$ 1,421,017	\$ 1,421,017
City of Davis CBDG Loan	\$ 597,539	\$ 597,539
City of Davis CBDG Loan	\$ 0	\$ 140,000
City of Davis HTF Loan	\$ 700,627	\$ 700,627
City of Davis Home Loan	\$ 936,273	\$ 936,273
HCD MHP	\$ 1,326,708	\$ 1,326,708
HCD MHP (new)	\$ 0	\$ 1,970,000
First Bank of Dixon AHP	\$ 250,000	\$ 250,000
Contributed Reserves	\$ 0	\$ 210,000
Net Income From Operations	\$ 0	\$ 0
Total Sources	\$ 9,148,363	\$ 9,938,158

Uses of Funds:	
Land Cost/Acquisition	\$ 5,232,164
Rehabilitation	\$ 2,719,904
Relocation	\$ 200,000
Architectural Fees	\$ 50,000
Construction Interest and Fees	\$ 298,386
Legal Fees	\$ 115,000
Reserves	\$ 73,493
Appraisal	\$ 5,000
Contingency Cost	\$ 277,411
Local Development Impact Fees	\$ 2,750
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 115,361
Developer Costs	\$ 848,689
Total Uses	\$ 9,938,158

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:

90 out of 140

[See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$3,645,000 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	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
Total Points	140	110	90

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.