

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
December 14, 2016
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Ruben Barcelo

Applicant: California Statewide Communities Development Authority

Allocation Amount Requested: Tax-exempt: \$2,973,824

Project Information:

Name: Lincoln Senior Apartments
Project Address: 1655 Third St.
Project City, County, Zip Code: Lincoln, Placer, 95648

Project Sponsor Information:

Name: Lincoln Senior 2016 Limited Partnership (Cascade Housing Association)
Principals: Mildred V. Burke, Verna Joan Laughlin and Kristi L. Isham for Cascade Housing Association
Property Management Company: Cambridge Real Estate Services, Inc.

Project Financing Information:

Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Private Placement Purchaser: U.S. Bank N.A. (construction)/Bonneville Mortgage Company (permanent)
TEFRA Noticing Date: October 6, 2016
TEFRA Adoption Date: October 25, 2016

Description of Proposed Project:

State Ceiling Pool: General
Total Number of Units: 69, plus 1 manager unit
Type: Acquisition and Rehabilitation
Type of Units: Senior Citizens

Lincoln Senior Apartments is an income-restricted apartment community situated on a 6.9 acre site located in a residential neighborhood in the city of Lincoln. The property consists of eight residential single-story buildings that are comprised of 62 one-bedroom and 8 two-bedroom apartments. Of the eight residential buildings, six buildings include nine apartments each, one building includes eight apartments, and one building includes seven apartments. A separate community building includes the management office, laundry facilities, furnished gathering room, and a manager's 2-bedroom apartment. Proposed renovations include replacement of roofs, replacement of exterior siding, HVAC systems, exterior lighting with energy-efficient fixtures, kitchen cabinets and appliances, water heaters, and building insulation material. Additionally, kitchens and bathrooms of selected units will be remodeled to comply with TCAC mobility/accessibility requirements. Proposed work is scheduled to begin May 2017 and to be completed May 2018.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
90% (62 units) restricted to 50% or less of area median income households.
10% (7 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:

Estimated Total Development Cost:	\$	6,524,924	
Estimated Hard Costs per Unit:	\$	33,333	(\$2,300,000 /69 units)
Estimated per Unit Cost:	\$	93,213	(\$6,524,924 /70 units including mgr. units)
Allocation per Unit:	\$	43,099	(\$2,973,824 /69 units)
Allocation per Restricted Rental Unit:	\$	43,099	(\$2,973,824 /69 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 2,973,824	\$ 2,311,728
Tax Credit Equity	\$ 0	\$ 1,893,559
Investor's Equity	\$ 473,390	\$ 0
USDA 515 Assumed Loan	\$ 1,732,705	\$ 1,732,705
Deferred Operating Reserves	\$ 112,057	\$ 0
Existing Replacement Reserves	\$ 505,000	\$ 505,000
Existing Operating Account	\$ 81,932	\$ 81,932
Deferred Developer Fee	\$ 646,016	\$ 0
Total Sources	\$ 6,524,924	\$ 6,524,924

Uses of Funds:	
Land Cost/Acquisition	\$ 1,732,705
Rehabilitation	\$ 2,477,690
Contractor Overhead & Profit	\$ 184,000
Architectural Fees	\$ 29,000
Survey and Engineering	\$ 14,000
Construction Interest and Fees	\$ 189,980
Permanent Financing	\$ 124,672
Legal Fees	\$ 120,000
Reserves	\$ 503,989
Appraisal	\$ 11,000
Relocation	\$ 52,500
Contingency Cost	\$ 230,000
Developer Cost	\$ 646,016
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 209,372
Total Uses	\$ 6,524,924

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:

85 out of 140

[See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$2,973,824 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	0
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	85

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.