

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: Sarah Lester

Applicant: California Statewide Communities Development Authority

Allocation Amount Requested:
Tax-exempt: \$12,670,451

Project Information:
Name: Meadows Court / Holly Lane Apartments (scattered site)
Project Address: 510 and 531 Rocky Hill Road; 507, 513, 519 and 525 Meadow Court; 106, 107, 112, 113, 119 and 124 Holly Lane
Project City, County, Zip Code: Vacaville, Solano, 95688

Project Sponsor Information:
Name: Meadows Holly Partners, LP (Community Development Partners, Vacaville Community Housing, Inc. and Affordable Housing Alliance II, Inc. dba Integrity Housing)
Principals: Eric Paine, Kyle Paine and Sean Robbins for Community Development Partners; Charlie Learned for Vacaville Community Housing, Inc.; Anjela Ponce, Phil Wood and Dawn Allen for Affordable Housing Alliance II, Inc. dba Integrity Housing
Property Management Company: AWI Management Corporation

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: October 11, 2016
TEFRA Adoption Date: October 25, 2016

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 80, plus 2 manager units
Type: Acquisition and Rehabilitation
Type of Units: Family

The proposed project is a scattered site project located in the City of Vacaville, County of Solano. The Project will be an 82-unit, income eligible, development of one and two bedroom units. There will be 15 one-bedroom, 65 two-bedroom units, and 2 studio managers units. Common area amenities will include a community building with onsite management, community space with open-air connection to an outdoor plaza, and community garden. The scope of rehabilitation for Meadows Court will include fully updating interior finishes, including flooring, windows, appliances, plumbing fixtures, and paint. Exterior and common area upgrades include paint, new fencing, signage, tot lot, and new landscaping. The scope of rehabilitation for Holly Lane will include updating appliances, finishes and exterior paint. Temporary relocation will be needed at both properties. The community will be developed in one phase. The anticipated construction period is approximately twelve months beginning in April 2017 and being completed in April 2018, followed by a lease-up period of six to eight months.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
11% (9 units) restricted to 50% or less of area median income households.
89% (71 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:	\$	20,002,484	
Estimated Hard Costs per Unit:	\$	56,375	(\$4,510,000 /80 units)
Estimated per Unit Cost:	\$	243,933	(\$20,002,484 /82 units including mgr. units)
Allocation per Unit:	\$	158,381	(\$12,670,451 /80 units)
Allocation per Restricted Rental Unit:	\$	158,381	(\$12,670,451 /80 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 12,670,451	\$ 5,730,356
Assumed City Debt	\$ 5,576,590	\$ 5,576,590
LIH Tax Credit Equity	\$ 350,506	\$ 6,952,420
Deferred Developer Fee	\$ 1,404,937	\$ 939,391
Seller Carryback Note	\$ 0	\$ 803,727
Total Sources	\$ 20,002,484	\$ 20,002,484

Uses of Funds:	
Land Cost/Acquisition	\$ 10,314,617
Rehabilitation	\$ 4,816,680
Relocation	\$ 204,500
Contractor Overhead & Profit	\$ 360,800
Architectural Fees	\$ 250,000
Survey and Engineering	\$ 20,500
Construction Interest and Fees	\$ 448,058
Permanent Financing	\$ 90,600
Legal Fees	\$ 180,000
Reserves	\$ 181,617
Appraisal	\$ 8,000
Contingency Cost	\$ 517,748
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 204,524
Developer Costs	\$ 2,404,840
Total Uses	\$ 20,002,484

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: 46 out of 140
[See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$12,670,451 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	26
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	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	120	46

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.