

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: Felicity Wood

Applicant: California Statewide Communities Development Authority

Allocation Amount Requested: Tax-exempt: \$8,000,000

Project Information:

Name: Gateway Terrace II Apartments
Project Address: W. 12th Street, W. 13th Street & K Street
Project City, County, Zip Code: Merced, Merced, 95340

Project Sponsor Information:

Name: To be formed, Limited Partnership and Central Valley Coalition for Affordable Housing (CVCAH)
Principals: Austin Herzog and Peter Herzog for to be formed Limited Partnership; and Alan Jenkins, Jennifer Bertuccio, Renee Downum, and Christina Alley for Central Valley Coalition for Affordable Housing (CVCAH)
Property Management Company: Buckingham Property Management

Project Financing Information:

Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Private Placement Purchaser: Rabobank, N.A.
Public Sale: Not Applicable
Underwriter: Not Applicable
TEFRA Noticing Date: July 29, 2016
TEFRA Adoption Date: August 15, 2016

Description of Proposed Project:

State Ceiling Pool: General
Total Number of Units: 49, plus 1 manager unit
Type: New Construction
Type of Units: Family

Gateway Terrace II Apartments consists of 50 units of new construction multi-family housing on an approximately 1.65 acre site. One hundred percent of the units will be rent restricted for qualified residents with incomes ranging from 50% to 60% of the area median income (AMI). Gateway Terrace II Apartments will consist of 49 affordable units and 1 manager unit with 5 units at 50% of AMI and 44 units at 60% of AMI. The project will consist of 12 one bedroom units, 20 two bedroom units and 18 three bedroom units. Construction is anticipated to commence in April 2017 and complete in March 2018.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
10% (5 units) restricted to 50% or less of area median income households.
90% (44 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: \$ 10,053,401
Estimated Hard Costs per Unit: \$ 111,837 (\$5,480,000 /49 units)
Estimated per Unit Cost: \$ 201,068 (\$10,053,401 /50 units including mgr. units)
Allocation per Unit: \$ 163,265 (\$8,000,000 /49 units)
Allocation per Restricted Rental Unit: \$ 163,265 (\$8,000,000 /49 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 8,000,000	\$ 4,221,504
LIH Tax Credit Equity	\$ 0	\$ 4,234,929
R4 Capital LLC	\$ 414,854	\$ 0
Deferred Developer Fee	\$ 0	\$ 145,837
Deferred Costs	\$ 187,416	\$ 0
CVCAH Loan	\$ 66,131	\$ 66,131
City of Merced	\$ 1,385,000	\$ 1,385,000
Total Sources	\$ 10,053,401	\$ 10,053,401

Uses of Funds:	
Land Cost/Acquisition	\$ 500,001
New Construction	\$ 5,747,200
Architectural Fees	\$ 110,000
Survey and Engineering	\$ 75,000
Construction Interest and Fees	\$ 486,596
Permanent Financing	\$ 123,323
Legal Fees	\$ 180,000
Reserves	\$ 245,722
Appraisal	\$ 4,000
Contingency Cost	\$ 312,360
Local Development Impact Fees	\$ 552,858
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 505,773
Developer Costs	\$ 1,210,568
Total Uses	\$ 10,053,401

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: 62.5 out of 140
[See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$8,000,000 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	0
Exceeding Minimum Income Restrictions:	35	15	25
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	7.5
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	62.5

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.