

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
January 18, 2017
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Sarah Lester

Applicant: California Public Finance Authority

Allocation Amount Requested:
Tax-exempt: \$21,620,000

Project Information:
Name: Willowbrook Apartments
Project Address: 110 Bailey Road
Project City, County, Zip Code: Baypoint, Contra Costa, 94565

Project Sponsor Information:
Name: Willowbrook Affordable Communities, LP (Pacific Housing, Inc. and Willowbrook Communities, LLC)
Principals: Mark Wiese and Mat Eland for Pacific Housing, Inc.; Ruben Islas, Jules Arthur and Mike Coit for Willowbrook Communities, LLC
Property Management Company: Logan Property Management, Inc.

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: November 7, 2016
TEFRA Adoption Date: December 6, 2016

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 71, plus 1 manager unit
Type: Acquisition and Rehabilitation
Type of Units: Family

The proposed project is an existing 72 unit property located in Baypoint, CA consisting of one, two and three bedroom units for low-income tenants. The property, which was built in 1982 and had a renovation in 2002, has 6 two-story buildings with separate leasing office/community building, and laundry facilities. The unit mix for the property is 16-1br/1ba units, 48-2br/1ba units and 8-3br/1.5ba units. The current scope of work provides for upgrades to flooring, electrical, appliances and plumbing in all 72 units. The common grounds will also be upgraded including, but not limited to, landscaping and walkways. Roofing for the entire property will also be replaced. According to the application, the developer's projected date of market entry post renovation is February 2017.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%

11% (8 units) restricted to 50% or less of area median income households.
89% (63 units) restricted to 60% or less of area median income households.

Unit Mix: 1, 2 & 3 bedrooms

The proposed project will be providing the following service amenities: 1) after school programs throughout the school year for at least 10 hours per week; and 2) instructor-led educational, health and wellness or skill building classes for a minimum of 84 hours per year.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$ 26,712,034	
Estimated Hard Costs per Unit:	\$ 50,263	(\$3,568,640 /71 units)
Estimated per Unit Cost:	\$ 371,000	(\$26,712,034 /72 units including mgr. units)
Allocation per Unit:	\$ 304,507	(\$21,620,000 /71 units)
Allocation per Restricted Rental Unit:	\$ 304,507	(\$21,620,000 /71 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 21,620,000	\$ 14,820,000
LIH Tax Credit Equity	\$ 1,073,705	\$ 9,707,656
Deferred Developer Fee	\$ 3,185,829	\$ 1,351,878
Seller Carryback Loan	\$ 832,500	\$ 832,500
Total Sources	\$ 26,712,034	\$ 26,712,034

Uses of Funds:	
Land Cost/Acquisition	\$ 16,650,000
Rehabilitation	\$ 3,833,926
Relocation	\$ 72,000
Contractor Overhead & Profit	\$ 307,163
Architectural Fees	\$ 85,000
Construction Interest and Fees	\$ 738,349
Permanent Financing	\$ 349,350
Legal Fees	\$ 300,000
Reserves	\$ 294,359
Appraisal	\$ 10,000
Hard Cost Contingency	\$ 396,520
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 489,538
Developer Costs	\$ 3,185,829
Total Uses	\$ 26,712,034

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:

76 out of 140

[See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$21,620,000 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	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	10
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	76

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.