

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
March 15, 2017
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Richard Fischer

Applicant: California Housing Finance Agency

Allocation Amount Requested:

Tax-exempt: \$17,885,000

Project Information:

Name: Oak Creek Family Apartments
Project Address: 51 Carol Lane
Project City, County, Zip Code: Oakley, Contra Costa, 94561

Project Sponsor Information:

Name: 51 Carol Ln., L.P. (Corporation for Better Housing & Integrated Community Development)
Principals: Lori Koester, Rob Tidd and Jeanie Ha for Corporation for Better Housing; Charles Brumbaugh and Ben Lingo for Integrated Community Development, LLC.
Property Management Company: Domus Management Company

Project Financing Information:

Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Private Placement Purchaser: Mechanics Bank (construction)
Cash Flow Permanent Bond: Not Applicable
Public Sale: Not Applicable
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
TEFRA Noticing Date: October 4, 2016
TEFRA Adoption Date: November 17, 2016

Description of Proposed Project:

State Ceiling Pool: General
Total Number of Units: 75
Manager's Units: 1 Unrestricted
Type: New Construction
Population Served: Family

Oak Creek Family Apartments is a new construction project located in the city of Oakley on a 3.4-acre site. The project consists of 74 rental units and 1 unrestricted manager's unit. The project will have 30 one-bedroom units, 27 two-bedroom units and 18 three-bedroom units. The building will be 3 stories type III construction. Common amenities include a gated entry, perimeter fence, clubhouse with a community room, laundry facilities, management offices, computer room, barbeque and picnic areas and a full basketball court. Each unit will have a refrigerator, range, dishwasher, garbage disposal, central heating/air conditioning, granite countertops, vertical blinds, carpeting, coat closet and will include CAT 5 wiring. Green features include photovoltaic panels to offset 100% of tenants and common energy loads. The construction is expected to begin in June 2017 and to be completed in September 2018.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 99%
11% (8 units) restricted to 50% or less of area median income households.
88% (66 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: \$ 23,201,648
Estimated Hard Costs per Unit: \$ 144,028 (\$10,658,104 /74 units)
Estimated per Unit Cost: \$ 309,355 (\$23,201,648 /75 units including mgr. unit)
Allocation per Unit: \$ 241,689 (\$17,885,000 /74 units)
Allocation per Restricted Rental Unit: \$ 241,689 (\$17,885,000 /74 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 17,885,000	\$ 0
Taxable Debt	\$ 0	\$ 9,700,000
Taxable Debt (Subsidy Loan)	\$ 0	\$ 1,500,000
LIH Tax Credit Equity	\$ 814,720	\$ 7,567,824
Solar PV Equity	\$ 0	\$ 579,375
Deferred Developer Fee	\$ 0	\$ 1,804,449
Seller Carryback Loan	\$ 2,050,000	\$ 2,050,000
Total Sources	<u>\$ 20,749,720</u>	<u>\$ 23,201,648</u>

Uses of Funds:	
Land Cost/Acquisition	\$ 2,050,000
New Construction	\$ 11,403,104
Contractor Overhead & Profit	\$ 745,001
Architectural Fees	\$ 247,500
Survey and Engineering	\$ 185,625
Construction Interest and Fees	\$ 1,122,019
Permanent Financing	\$ 138,074
Legal Fees	\$ 145,000
Reserves	\$ 319,530
Appraisal	\$ 10,000
Hard Cost Contingency	\$ 607,406
Local Development Impact Fees	\$ 3,098,524
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 604,865
Developer Costs	\$ 2,525,000
Total Uses	<u>\$ 23,201,648</u>

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:

60 out of 140

[See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$17,885,000 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]	10
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	10
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	N/A
Minimum Term of Restrictions (Competitive Allocation Process Only)	10	10	N/A
Negative Points (No Maximum)	-10	-10	0
Total Points	140	120	60

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.