

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: Felicity Wood

Applicant: California Housing Finance Agency

Allocation Amount Requested:
Tax-exempt: \$30,000,000

Project Information:
Name: Woodstone Apartments
Project Address: 401 W. Pine Avenue
Project City, County, Zip Code: Lompoc, Santa Barbara, 93436

Project Sponsor Information:
Name: Woodstone by Vintage, LP (Woodstone by Vintage Partners, LLC, and
Hearthstone CA Properties I, LLC)
Principals: Michael K. Gancar for Woodstone by Vintage Partners, LLC, and
Socorro Vasquez and Velma de la Rosa for Hearthstone CA
Properties I, LLC
Property Management Company: FPI Management, Inc.

Project Financing Information:
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Private Placement Purchaser: Citibank, N.A.
Cash Flow Permanent Bond: Not Applicable
Public Sale: Not Applicable
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
TEFRA Noticing Date: January 11, 2017
TEFRA Adoption Date: February 7, 2017

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 204
Manager's Units: 2 Unrestricted
Type: Acquisition and Rehabilitation
Population Served: Family

Woodstone Apartments is an existing project located in Lompoc on a 9.42-acre site. The project will be converting all 202 rental units from market rate to affordable. There are also two unrestricted manager units. The project includes 119 one-bedroom units and 85 two-bedroom units. Building exterior renovations will include upgrades to lighting, balconies, entry doorways and frames, exterior siding, roof, downspouts and gutters, windows and frames, and HVAC units. Individual apartment units renovations will include repair or replacement of flooring, appliances, kitchen and bathroom cabinets and counters, plumbing fixtures, sinks, shower enclosures, water heaters, toilets, exhaust fans, ceiling fans, smoke detectors, GFCI electrical outlets, drywall repair and new paint. Common area renovations will consist of repair, replacement or upgrades to concrete curbs, asphalt surfaces, pedestrian walkways, vehicle entrance gate, steel fence posts and framework, stairs and handrails, carports, landscape irrigation and drainage, modernization of manager offices, swimming pool, spa and laundry facilities, and installation of playground equipment, BBQ, shade structure and ADA-compliant picnic tables. The rehabilitation is expected to begin in April 2017 and to be completed in March 2018.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 99%
10% (21 units) restricted to 50% or less of area median income households.
89% (181 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:	\$ 48,898,461	
Estimated Hard Costs per Unit:	\$ 36,518	(\$7,449,749 /202 units)
Estimated per Unit Cost:	\$ 239,698	(\$48,898,461 /204 units including mgr. units)
Allocation per Unit:	\$ 147,059	(\$30,000,000 /202 units)
Allocation per Restricted Rental Unit:	\$ 148,515	(\$30,000,000 /202 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 30,000,000	\$ 23,656,781
LIH Tax Credit Equity	\$ 10,053,091	\$ 17,258,753
GP Contribution	\$ 1,000,000	\$ 1,000,000
Deferred Developer Fee	\$ 5,894,540	\$ 5,032,097
Net Income From Operations	\$ 1,950,830	\$ 1,950,830
Total Sources	\$ 48,898,461	\$ 48,898,461

Uses of Funds:	
Land Cost/Acquisition	\$ 29,000,000
Rehabilitation	\$ 8,418,216
Relocation	\$ 304,500
Contractor Overhead & Profit	\$ 148,995
Architectural Fees	\$ 700,000
Survey and Engineering	\$ 345,500
Construction Interest and Fees	\$ 1,911,279
Permanent Financing	\$ 139,000
Legal Fees	\$ 129,500
Reserves	\$ 519,408
Appraisal	\$ 10,000
Hard Cost Contingency	\$ 856,721
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 520,802
Developer Costs	\$ 5,894,540
Total Uses	\$ 48,898,461

Analyst

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:

61.5 out of 140

[See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$30,000,000 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]	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	7.5
Service Amenities	10	10	0
New Construction or Substantial Renovation	10	10	10
Sustainable Building Methods	10	10	4
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	61.5

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.

