

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
May 17, 2017
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Louise Eller

Applicant:	California Municipal Finance Authority
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Allocation Amount Requested:	
Tax-exempt:	\$7,738,451

Project Information:	
Name:	Bow Street Apartments II
Project Address:	8627 Bow Street
Project City, County, Zip Code:	Elk Grove, Sacramento, 95624

Project Sponsor Information:	
Name:	Elk Grove Pacific Associates III, a CA LP (TPC Holdings V, LLC, Kelley Ventures, LLC and Pacific Housing, Inc.)
Principals:	Caleb Roope for TPC Holdings V, LLC, Mike Kelley for Kelley Ventures, LLC and Mark A. Wiese, Molly Wiese and Marie Fournier for Pacific Housing, Inc.
Property Management Company:	U.S. Residential Group, LLC

Project Financing Information:	
Bond Counsel:	Orrick, Herrington & Sutcliffe LLP
Private Placement Purchaser:	Wells Fargo Bank, N.A. (construction)/California Community Reinvestment Corporation (permanent)
Cash Flow Permanent Bond:	Not Applicable
Public Sale:	Not Applicable
Underwriter:	Not Applicable
Credit Enhancement Provider:	Not Applicable
Rating:	Not Applicable
TEFRA Noticing Date:	March 29, 2017
TEFRA Adoption Date:	April 12, 2017

Description of Proposed Project:	
State Ceiling Pool:	General
Total Number of Units:	48
Manager's Units:	0*
Type:	New Construction
Population Served:	Family

*A two-bedroom manager's unit at the adjacent Bow Street Apartments will provide management services through a reciprocal maintenance and use agreement.

Bow Street Apartments II is a new construction project located in Elk Grove on a 4.66-acre site. The project consists of 48 rental units. The project will have 12 one-bedroom units, 24 two-bedroom units and 12 three-bedroom units. The proposed development will include 2 three-story residential buildings with 24 units in each building. These buildings will be wood frame supported by perimeter foundations with concrete slab flooring. The residents will have access to common amenities shared with the adjacent Bow Street Apartments. These common amenities include a computer learning center, laundry facilities, exercise room, community room, swimming pool, covered picnic area, playground and a kitchen. Each unit will have a refrigerator, exhaust fans, dishwasher, garbage disposal, range with oven, covered patio or balcony with storage space and washer/dryer hook-ups. There will be covered parking spaces provided. The construction is expected to begin August 2017 and completed in August 2018.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
60% (29 units) restricted to 50% or less of area median income households.
40% (19 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:	\$ 11,723,847	
Estimated Hard Costs per Unit:	\$ 136,551	(\$6,554,448 /48 units)
Estimated per Unit Cost:	\$ 244,247	(\$11,723,847 /48 units)
Allocation per Unit:	\$ 161,218	(\$7,738,451 /48 units)
Allocation per Restricted Rental Unit:	\$ 161,218	(\$7,738,451 /48 restricted units)

	<u>Construction</u>	<u>Permanent</u>
Sources of Funds:		
Tax-Exempt Bond Proceeds	\$ 7,738,451	\$ 1,850,000
LIH Tax Credit Equity	\$ 903,416	\$ 4,517,078
of Elk Grove Affordable Housing Fund Loan	\$ 1,880,000	\$ 4,700,000
Deferred Developer Fee	\$ 400,000	\$ 0
Deferred Costs	\$ 145,211	\$ 0
Sacramento County Fee Waivers	\$ 656,769	\$ 656,769
Total Sources	\$ 11,723,847	\$ 11,723,847

Uses of Funds:	
New Construction	\$ 7,047,715
Contractor Overhead & Profit	\$ 524,356
Architectural Fees	\$ 220,000
Survey and Engineering	\$ 97,500
Construction Interest and Fees	\$ 551,800
Permanent Financing	\$ 165,000
Legal Fees	\$ 60,000
Reserves	\$ 145,211
Appraisal	\$ 10,000
Hard Cost Contingency	\$ 400,000
Local Development Impact Fees	\$ 1,825,273
Other Project Costs	\$ 276,992
Developer Costs	\$ 400,000
Total Uses	\$ 11,723,847

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:

75 out of 140 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$7,738,451 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	Points Scored
Preservation Project	20	20	0
Exceeding Minimum Income Restrictions:	35	15	35
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	5
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	75

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.