

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
July 19, 2017
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Ruben Barcelo

Applicant: City of Santa Rosa

Allocation Amount Requested: Tax-exempt: \$7,105,000

Project Information:

Name: Crossings on Aston Apartments
Project Address: 706-708 Aston Avenue
Project City, County, Zip Code: Santa Rosa, Sonoma, 95404

Project Sponsor Information:

Name: UHC 00596 Santa Rosa, LP (UHC 00596 Santa Rosa Holdings LLC; and Central Valley Coalition for Affordable Housing)
Principals: Douglas R. Bigley, John F. Bigley and David H. Bigley for UHC 00596 Santa Rosa Holdings LLC, and Alan Jenkins, Sid McIntyre and Steve Simmons for Central Valley Coalition for Affordable Housing
Property Management Company: AWI Management Corporation

Project Financing Information:

Bond Counsel: Jones Hall, A Professional Law Corporation
Private Placement Purchaser: Citibank, N.A.
Cash Flow Permanent Bond: Not Applicable
Public Sale: Not Applicable
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Rating: Not Applicable
TEFRA Noticing Date: May 19, 2017
TEFRA Adoption Date: June 6, 2017

Description of Proposed Project:

State Ceiling Pool: General
Total Number of Units: 27
Manager's Units: 1 Unrestricted
Type: New Construction
Population Served: Family

Crossings on Aston Apartments is a new construction project located in Santa Rosa on a 1.86-acre site. The project will consist of 26 restricted rental units and 1 unrestricted manager's unit. The project will include 3 one-bedroom units and 24 three-bedroom units. The buildings will consist of 14 two-story duplexes of wood frame, slab-on-grade construction. Common amenities will include a community room equipped with a kitchen and restroom, laundry facilities, management office and an outdoor play/recreation area with barbeque, tables and a play structure. Each unit will provide a covered patio/balcony, ceiling fan, cable, laminate flooring and a kitchen equipped with Energy Star-rated dishwasher, refrigerator, range and garbage disposal. Each unit will be provided with a one-car garage and a private driveway, and 14 additional guest parking spaces will also be provided. Construction is expected to begin in September 2017 and to be completed in June 2018.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%

81% (21 units) restricted to 50% or less of area median income households.

19% (5 units) restricted to 60% or less of area median income households.

Unit Mix: 1 & 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:	\$	13,700,225	
Estimated Hard Costs per Unit:	\$	250,404	(\$6,760,908 /27 units including mgr. units)
Estimated per Unit Cost:	\$	507,416	(\$13,700,225 /27 units including mgr. units)
Allocation per Unit:	\$	263,148	(\$7,105,000 /27 units including mgr. units)
Allocation per Restricted Rental Unit:	\$	273,269	(\$7,105,000 /26 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 7,105,000	\$ 1,042,544
Tranche B Financing	\$ 0	\$ 1,690,767
LIH Tax Credit Equity	\$ 542,751	\$ 5,121,432
Developer Equity	\$ 0	\$ 358,797
Deferred Developer Fee	\$ 565,789	\$ 0
City of Santa Rosa Housing Authority	\$ 5,486,685	\$ 3,927,685
Community Development Block Grant (CDBG)	\$ 0	\$ 1,559,000
Total Sources	\$ 13,700,225	\$ 13,700,225

Uses of Funds:	
Land Cost/Acquisition	\$ 747,132
New Construction	\$ 7,289,689
Infrastructure Costs at Acquisition	\$ 752,868
Contractor Overhead & Profit	\$ 436,556
Architectural Fees	\$ 150,500
Survey and Engineering	\$ 78,300
Construction Interest and Fees	\$ 1,092,410
Permanent Financing	\$ 100,067
Legal Fees	\$ 170,000
Reserves	\$ 93,000
Appraisal	\$ 12,000
Hard Cost Contingency	\$ 435,408
Local Development Impact Fees	\$ 733,427
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 658,868
Developer Costs	\$ 950,000
Total Uses	\$ 13,700,225

Analyst Comments:

This project is considered high cost due to a requirement to build the project as 14 separate buildings per the original market rate project plan. This resulted in the loss of economies of scale and in larger than usual unit sizes. Other factors contributing to the high cost include a requirement to use prevailing wage rates and high impact fees.

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 \$7,105,000 in tax exempt bond allocation on a carryforward basis.

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	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	10
Community Revitalization Area	5	5	0
Site Amenities	10	10	0
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