

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: Richard Fischer

Applicant: Golden State Finance Authority

Allocation Amount Requested:
Tax-exempt: \$12,471,000

Project Information:
Name: Montecito at Williams Ranch Apartments
Project Address: 1598 Mesquite Drive
Project City, County, Zip Code: Salinas, Monterey, 93905

Project Sponsor Information:
Name: Montecito Salinas AR, L.P. (CHBA Affordable VIII, LLC and HCHP Affordable Multi-Family, LLC)
Principals: Graham Espley-Jones, Sandy Gibbons and Leanne Troufreh for CHBA Affordable VIII, LLC; Michael A. Costa, Robert W. Tetrault, Thomas E. Erickson and Judy Dosen for HCHP Affordable Multi-Family, LLC
Property Management Company: WinnResidential California, L.P.

Project Financing Information:
Bond Counsel: Kutak Rock LLP
Private Placement Purchaser: America First Multifamily Investors, L.P.
Cash Flow Permanent Bond: Not Applicable
Public Sale: Not Applicable
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Rating: Not Applicable
TEFRA Noticing Date: June 2, 2017
TEFRA Adoption Date: June 13, 2017

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 132
Manager's Units: 2 Restricted
Type: Acquisition and Rehabilitation
Population Served: Senior Citizens

Montecito at Williams Ranch Apartments is an existing project located in Salinas on a 5.63-acre site. The project consists of 130 restricted rental units and 2 restricted managers' units. The project has 106 one-bedroom units and 26 two-bedroom units. The renovations will include both exterior and interior upgrades. Building exterior renovations will consist of exterior repairs, roof replacement, window replacements and a fresh coat of paint. Individual apartment units will be updated with a new appliance package, fixtures, paint and electrical updates. Lastly, common or site area renovations will consist of concrete repairs, asphalt replacement and ADA updates. The rehabilitation is expected to begin in October 2017 and completed in June 2018.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%

25% (33 units) restricted to 50% or less of area median income households.

75% (99 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:	\$ 21,679,834	
Estimated Hard Costs per Unit:	\$ 20,000	(\$2,640,000 /132 units including mgr. units)
Estimated per Unit Cost:	\$ 164,241	(\$21,679,834 /132 units including mgr. units)
Allocation per Unit:	\$ 94,477	(\$12,471,000 /132 units including mgr. units)
Allocation per Restricted Rental Unit:	\$ 94,477	(\$12,471,000 /132 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 12,471,000	\$ 7,470,000
LIH Tax Credit Equity	\$ 268,109	\$ 5,672,761
Seller Equity	\$ 442,674	\$ 442,674
Deferred Developer Fee	\$ 0	\$ 2,365,737
Deferred Costs	\$ 2,701,311	\$ 0
Seller Carryback Loan	\$ 5,460,553	\$ 5,460,553
Net Income From Operations	\$ 336,187	\$ 268,109
Total Sources	\$ 21,679,834	\$ 21,679,834

Uses of Funds:	
Land Cost/Acquisition	\$ 14,600,000
Rehabilitation	\$ 2,798,400
Contractor Overhead & Profit	\$ 211,200
Architectural Fees	\$ 17,000
Survey and Engineering	\$ 39,800
Construction Interest and Fees	\$ 679,735
Permanent Financing	\$ 186,379
Legal Fees	\$ 137,500
Reserves	\$ 275,574
Hard Cost Contingency	\$ 149,920
Local Development Impact Fees	\$ 15,000
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 94,412
Developer Costs	\$ 2,474,914
Total Uses	\$ 21,679,834

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:

48 out of 140 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$12,471,000 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	33
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	0
Service Amenities	10	10	0
New Construction or Substantial Renovation	10	10	0
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	48