

**THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**  
**September 20, 2017**  
**Staff Report**  
**REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A**  
**QUALIFIED RESIDENTIAL RENTAL PROJECT**

*Prepared by: Sarah Lester*

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<b>Applicant:</b>	<b>California Municipal Finance Authority</b>
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<b>Allocation Amount Requested:</b>	<b>Tax-exempt:</b> \$10,000,000
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<b>Project Information:</b>	<b>Name:</b> Blue Mountain Terrace Apartments
	<b>Project Address:</b> 147 East Baker Street
	<b>Project City, County, Zip Code:</b> Winters, Yolo, 95694

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<b>Project Sponsor Information:</b>	<b>Name:</b> Blue Mountain Terrace Associates, L.P. (Domus GP LLC and Community Resident Services, Inc.)
	<b>Principals:</b> Jong C. Limb and Monique Hastings for Domus GP LLC; Erin Myers for Community Resident Services, Inc.
	<b>Property Management Company:</b> Domus Management Company, a California Corporation

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<b>Project Financing Information:</b>	<b>Bond Counsel:</b> Orrick, Herrington & Sutcliffe LLP
	<b>Private Placement Purchaser:</b> Bank of America, N.A. (construction only)
	<b>Cash Flow Permanent Bond:</b> Not Applicable
	<b>Public Sale:</b> Not Applicable
	<b>Underwriter:</b> Not Applicable
	<b>Credit Enhancement Provider:</b> Not Applicable
	<b>Rating:</b> Not Applicable
	<b>TEFRA Noticing Date:</b> May 18, 2017
	<b>TEFRA Adoption Date:</b> June 6, 2017

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<b>Description of Proposed Project:</b>	<b>State Ceiling Pool:</b> Rural
	<b>Total Number of Units:</b> 63
	<b>Manager's Units:</b> 1 Unrestricted
	<b>Type:</b> New Construction
	<b>Population Served:</b> Senior Citizens

Blue Mountain Terrace Apartments is a new construction project located in Winters on a 1.59-acre site. The project consists of 62 restricted rental units and 1 unrestricted manager unit. The project will have 58 one-bedroom units and 5 two-bedroom units. The building will be 3 stories tall. Common amenities include large community room and lounge lobby, community garden and on-site management office. Each unit will have a full kitchen with energy-efficient appliances, full bathroom, living and dining area and centralized high-efficient heating and cooling air systems. There are 43 parking spaces provided, two of which will be accessible spaces. The construction is expected to begin in the winter of 2017 and be completed in spring of 2019.

**Description of Public Benefits:**

**Percent of Restricted Rental Units in the Project:** 100%  
76% (47 units) restricted to 50% or less of area median income households.  
24% (15 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:** \$ 19,065,119  
**Estimated Hard Costs per Unit:** \$ 176,836 (\$11,140,656 /63 units including mgr. units)  
**Estimated per Unit Cost:** \$ 302,621 (\$19,065,119 /63 units including mgr. units)  
**Allocation per Unit:** \$ 158,730 (\$10,000,000 /63 units including mgr. units)  
**Allocation per Restricted Rental Unit:** \$ 161,290 (\$10,000,000 /62 restricted units)

<b>Sources of Funds:</b>	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 10,000,000	\$ 0
Taxable Bond Proceeds	\$ 0	\$ 900,000
LIH Tax Credit Equity	\$ 1,008,980	\$ 7,151,535
Developer Equity	\$ 0	\$ 100
Deferred Developer Fee	\$ 0	\$ 918,973
Deferred Costs	\$ 1,939,070	\$ 0
HCD Home Loan	\$ 2,173,572	\$ 2,415,080
HCD MHP Loan	\$ 0	\$ 3,435,934
HCD IIG GP Loan to LP	\$ 1,800,000	\$ 2,000,000
City of Winters Grant - Loan	\$ 1,243,497	\$ 1,243,497
FHLB AHP	\$ 900,000	\$ 1,000,000
<b>Total Sources</b>	<b>\$ 19,065,119</b>	<b>\$ 19,065,119</b>

<b>Uses of Funds:</b>	
Land Cost/Acquisition	\$ 547,200
New Construction	\$ 12,039,676
Contractor Overhead & Profit	\$ 785,026
Architectural Fees	\$ 325,500
Survey and Engineering	\$ 228,000
Construction Interest and Fees	\$ 688,336
Permanent Financing	\$ 65,558
Legal Fees	\$ 105,000
Reserves	\$ 438,171
Appraisal	\$ 10,000
Hard Cost Contingency	\$ 651,236
Local Development Impact Fees	\$ 744,597
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 523,271
Developer Costs	\$ 1,913,548
<b>Total Uses</b>	<b>\$ 19,065,119</b>

**Analyst Comments:**

None

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**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.

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**Total Points:**

82 out of 140 [See Attachment A]

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**Recommendation:**

Staff recommends that the Committee approves \$10,000,000 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	0
Leveraging	10	10	10
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	2
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
<b>Total Points</b>	<b>140</b>	<b>120</b>	<b>82</b>