

**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: Ruben Barcelo*

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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>	\$13,200,000

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<b>Project Information:</b>	
<b>Name:</b>	<b>Idaho Apartments &amp; Church Lane Apartments (scattered site)</b>
<b>Project Address:</b>	10203 San Pablo Avenue and 2555 Church Lane
<b>Project City, County, Zip Code:</b>	El Cerrito and San Pablo, Contra Costa, 94530 and 94806

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<b>Project Sponsor Information:</b>	
<b>Name:</b>	San Pablo Preservation, L.P. (RCD GP LLC)
<b>Principals:</b>	Daniel Sawislak, Peter Poon, Eric Knecht and Carolyn Bookhart
<b>Property Management Company:</b>	The John Stewart Company

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<b>Project Financing Information:</b>	
<b>Bond Counsel:</b>	Jones Hall, A Professional Law Corporation
<b>Private Placement Purchaser:</b>	MUFG Union Bank, N.A.
<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>	July 14, 2017
<b>TEFRA Adoption Date:</b>	August 15, 2017

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<b>Description of Proposed Project:</b>	
<b>State Ceiling Pool:</b>	General
<b>Total Number of Units:</b>	51
<b>Manager's Units:</b>	2 Unrestricted
<b>Type:</b>	Acquisition and Rehabilitation
<b>Population Served:</b>	Family/Special Needs

Idaho Apartments & Church Lane Apartments is an existing scattered site project located in El Cerrito and San Pablo on two sites totaling 1.54 acres. The project consists of 49 restricted rental units and 2 unrestricted managers' units. The project provides 28 studio units, 8 one-bedroom units, 7 two-bedroom units, 6 three-bedroom units and 2 four-bedroom units. Building exterior renovations include new windows, stucco replacement, dry rot remediation, structural repairs, parking and pavement improvements, repairs to stairs, walkways, fences and patios, roof replacement, security camera installation and fresh paint. Interior renovations will include improvements to the elevators, hot water heaters, laundry rooms, leasing offices and community rooms. Individual apartment units will be updated with new kitchen appliances, bathroom fixtures, cabinets, windows, doors, flooring, ventilation and heating, and fresh paint. Lastly, common area renovations will consist of improvements to lighting, landscaping and the tot-lot. Rehabilitation is expected to begin in January 2018 and to be completed in February 2019.

**Description of Public Benefits:**

**Percent of Restricted Rental Units in the Project:** 100%

78% (38 units) restricted to 50% or less of area median income households.

22% (11 units) restricted to 60% or less of area median income households.

**Unit Mix:** Studio, 1, 2, 3 & 4 Bedrooms

The proposed project will not be providing service amenities.

**Term of Restrictions:**

**Income and Rent Restrictions:** 55 years.

**Details of Project Financing:**

<b>Estimated Total Development Cost:</b>	\$ 22,087,064	
<b>Estimated Hard Costs per Unit:</b>	\$ 111,357	(\$5,679,227 /51 units including mgr. units)
<b>Estimated per Unit Cost:</b>	\$ 433,080	(\$22,087,064 /51 units including mgr. units)
<b>Allocation per Unit:</b>	\$ 258,824	(\$13,200,000 /51 units including mgr. units)
<b>Allocation per Restricted Rental Unit:</b>	\$ 269,388	(\$13,200,000 /49 restricted units)

<b>Sources of Funds:</b>	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 13,200,000	\$ 2,070,000
LIH Tax Credit Equity	\$ 751,641	\$ 8,907,728
General Partner Equity	\$ 0	\$ 1,063,916
Deferred Developer Fee	\$ 0	\$ 600,000
Seller Carryback Loan	\$ 2,217,687	\$ 2,217,687
MHP-SH Loan	\$ 0	\$ 3,162,565
County Consolidated Assumed Loans-Church Lane	\$ 1,756,331	\$ 1,756,331
County Consolidated Assumed Loans-Idaho	\$ 1,265,587	\$ 1,265,587
Cerrito Former Redevelopment Existing Loan-Idaho	\$ 432,250	\$ 432,250
AHP Loan	\$ 0	\$ 490,000
RCD Loan of Reserves	\$ 0	\$ 121,000
<b>Total Sources</b>	<b>\$ 19,623,496</b>	<b>\$ 22,087,064</b>

<b>Uses of Funds:</b>	
Land Cost/Acquisition	\$ 5,970,175
Rehabilitation	\$ 7,565,365
Relocation	\$ 645,000
Contractor Overhead & Profit	\$ 322,002
Architectural Fees	\$ 544,000
Survey and Engineering	\$ 106,911
Construction Interest and Fees	\$ 974,398
Permanent Financing	\$ 169,450
Legal Fees	\$ 100,000
Reserves	\$ 944,515
Hard Cost Contingency	\$ 1,435,129
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 696,703
Developer Costs	\$ 2,613,416
<b>Total Uses</b>	<b>\$ 22,087,064</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:**

87.14 out of 140 [See Attachment A]

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**Recommendation:**

Staff recommends that the Committee approves \$13,200,000 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	20
Exceeding Minimum Income Restrictions:	35	15	35
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	0
Gross Rents	5	5	0
Large Family Units	5	5	2.14
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	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
<b>Total Points</b>	<b>140</b>	<b>110</b>	<b>87.14</b>