

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE  
December 13, 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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**Applicant:** California Housing Finance Agency

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**Allocation Amount Requested:**  
**Tax-exempt:** \$4,300,000

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**Project Information:**  
**Name:** Susanville Garden Apartments  
**Project Address:** 1070 Paiute Lane  
**Project City, County, Zip Code:** Susanville, Lassen, 96103

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**Project Sponsor Information:**  
**Name:** Susanville Garden Apartments Limited Partnership (Alliance Property Group, Inc. and Community Revitalization and Development Corporation)  
**Principals:** Danielle Curls Bennett, Nicole Lewis, Deanna Curls for Alliance Property Group, Inc.; David Rutledge, Mike Dahl and Shelby Marocco for Community Revitalization and Development Corporation  
**Property Management Company:** MBS Property Management

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**Project Financing Information:**  
**Bond Counsel:** Orrick, Herrington & Sutcliffe LLP  
**Private Placement Purchaser:** Hunt Capital Partners, LLC  
**Cash Flow Permanent Bond:** Not Applicable  
**Public Sale:** Not Applicable  
**Underwriter:** Not Applicable  
**Credit Enhancement Provider:** Not Applicable  
**Rating:** Not Applicable  
**TEFRA Noticing Date:** October 7, 2017  
**TEFRA Adoption Date:** October 31, 2017

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**Description of Proposed Project:**  
**State Ceiling Pool:** Rural  
**Total Number of Units:** 64  
**Manager's Units:** 1 Unrestricted  
**Type:** Acquisition and Rehabilitation  
**Population Served:** Family

Susanville Garden Apartments is an existing project located in Susanville on a 5.30-acre site. The project consists of 53 restricted rental units, 10 market rate units and 1 unrestricted managers' units. The project has 16 one-bedroom units and 48 two-bedroom units. The renovations will include exterior and interior upgrades. Exterior upgrades will include enhancing common areas, property exteriors and grounds. Interior renovations will include upgrading unit finishes and improving energy efficiency. Additionally, a new community building will be constructed. Individual apartment units will be updated with new appliances, countertops, cabinets, fixtures, paint, replacement of interior plumbing, toilets, wall furnaces and energy efficient interior lighting; installation of water saving shower heads and humidistat fan and sensors in bathrooms, renovation of two existing units for accessible compliance, new flooring and addition to GFCI's in kitchens and bathrooms. Lastly, common or site area renovations will consist of replacement of building lights with energy saving fixtures, boilers, windows, roofs for four existing buildings, concrete repairs, asphalt replacement, landscaping updates, repainting existing buildings, repair and/or replace wood trim where damaged and insulation of attic spaces. The rehabilitation is expected to begin in February 2018 and be completed in December 2018.

**Description of Public Benefits:**

**Percent of Restricted Rental Units in the Project:** 84%

13% (8 units) restricted to 50% or less of area median income households.

71% (45 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:**

<b>Estimated Total Development Cost:</b>	\$ 7,628,437	
<b>Estimated Hard Costs per Unit:</b>	\$ 42,028	(\$2,689,769 /64 units including mgr. units)
<b>Estimated per Unit Cost:</b>	\$ 119,194	(\$7,628,437 /64 units including mgr. units)
<b>Allocation per Unit:</b>	\$ 67,188	(\$4,300,000 /64 units including mgr. units)
<b>Allocation per Restricted Rental Unit:</b>	\$ 81,132	(\$4,300,000 /53 restricted units)

<b>Sources of Funds:</b>	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 4,300,000	\$ 0
Taxable Bond Proceeds	\$ 0	\$ 3,024,000
LIH Tax Credit Equity	\$ 481,146	\$ 2,023,023
Deferred Developer Fee	\$ 0	\$ 632,814
CalHFA Earned Surplus	\$ 1,665,000	\$ 1,665,000
Deferred to Permanent	\$ 932,291	\$ 0
Income During Rehab	\$ 250,000	\$ 250,000
PG&E Rebate	\$ 0	\$ 33,600
<b>Total Sources</b>	<b>\$ 7,628,437</b>	<b>\$ 7,628,437</b>

<b>Uses of Funds:</b>	
Land Cost/Acquisition	\$ 2,100,000
Rehabilitation	\$ 2,894,191
Contractor Overhead & Profit	\$ 215,182
Architectural Fees	\$ 113,828
Survey and Engineering	\$ 10,000
Construction Interest and Fees	\$ 417,734
Permanent Financing	\$ 51,137
Legal Fees	\$ 195,000
Reserves	\$ 260,000
Appraisal	\$ 69,500
Hard Cost Contingency	\$ 331,068
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 97,137
Developer Costs	\$ 873,660
<b>Total Uses</b>	<b>\$ 7,628,437</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:**

46.5 out of 140 [See Attachment A]

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**Recommendation:**

Staff recommends that the Committee approves \$4,300,000 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 Projects	Points Scored
Preservation Project	20	20	0
Exceeding Minimum Income Restrictions:	35	15	22
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	0
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	7.5
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	0.0
<b>Total Points</b>	<b>140</b>	<b>120</b>	<b>46.5</b>