

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: Ruben Barcelo

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**Applicant:** California Statewide Communities Development Authority

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**Allocation Amount Requested:** Tax-exempt: \$18,830,096

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**Project Information:** Name: Vintage at Napa Senior Apartments  
Project Address: 2360 Redwood Road  
Project City, County, Zip Code: Napa, Napa, 94558

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**Project Sponsor Information:** Name: Vintage at Napa 2, LP (Vintage at Napa 2 Partners, LLC; and  
Hearthstone CA Properties II, LLC)  
Principals: Michael K. Gancar for Vintage at Napa 2 Partners, LLC; and  
Socorro Vasquez for Hearthstone CA Properties II, LLC  
Property Management Company: FPI Management, Inc.

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**Project Financing Information:** Bond Counsel: Orrick, Herrington & Sutcliffe LLP  
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: October 20, 2017  
TEFRA Adoption Date: November 7, 2017

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**Description of Proposed Project:** State Ceiling Pool: General  
Total Number of Units: 115  
Manager's Units: 1 Unrestricted and 1 Restricted  
Type: Acquisition and Rehabilitation  
Population Served: Senior Citizens

Vintage at Napa Senior Apartments is an existing project located in Napa on a 1.97-acre site. The project consists of 113 restricted rental units, 1 unrestricted manager unit and 1 restricted manager unit distributed as 109 one-bedroom units and 6 two-bedroom units. Building exterior renovations will consist of repair and waterproofing of balconies and new wall siding, roofs, windows and paint. Interior renovations will include upgrades to the community room, kitchen and laundry facility. Individual apartment units will be updated with new kitchen appliances, countertops, cabinets, plumbing fixtures, water heaters, flooring and paint. Twelve units will be upgraded to provide full ADA accessibility. Site area renovations will consist of landscape and drainage upgrades, re-sealing and re-stripping of parking spaces and sidewalk repair including ADA required upgrades. The rehabilitation is expected to begin in February 2018 and to be completed in February 2019.

**Description of Public Benefits:**

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

25% (29 units) restricted to 50% or less of area median income households.

75% (85 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>	\$ 25,168,251	
<b>Estimated Hard Costs per Unit:</b>	\$ 25,077	(\$2,883,890 /115 units including mgr. units)
<b>Estimated per Unit Cost:</b>	\$ 218,854	(\$25,168,251 /115 units including mgr. units)
<b>Allocation per Unit:</b>	\$ 163,740	(\$18,830,096 /115 units including mgr. units)
<b>Allocation per Restricted Rental Unit:</b>	\$ 165,176	(\$18,830,096 /114 restricted units)

<b>Sources of Funds:</b>	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 18,830,096	\$ 11,980,242
LIH Tax Credit Equity	\$ 370,103	\$ 7,402,058
Deferred Developer Fee	\$ 2,790,061	\$ 2,607,960
Seller Carryback Loan	\$ 1,900,000	\$ 1,900,000
Net Income From Operations	\$ 1,277,991	\$ 1,277,991
<b>Total Sources</b>	<b>\$ 25,168,251</b>	<b>\$ 25,168,251</b>

<b>Uses of Funds:</b>	
Land Cost/Acquisition	\$ 16,000,000
Rehabilitation	\$ 3,210,000
Relocation	\$ 32,500
Contractor Overhead & Profit	\$ 240,000
Architectural Fees	\$ 125,000
Construction Interest and Fees	\$ 1,002,433
Permanent Financing	\$ 114,150
Legal Fees	\$ 267,500
Reserves	\$ 300,485
Appraisal	\$ 10,000
Hard Cost Contingency	\$ 345,000
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 631,122
Developer Costs	\$ 2,890,061
<b>Total Uses</b>	<b>\$ 25,168,251</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:**

58.5 out of 140 [See Attachment A]

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**Recommendation:**

Staff recommends that the Committee approves \$18,830,096 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	10
Exceeding Minimum Income Restrictions:	35	15	32
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	0
Sustainable Building Methods	10	10	4
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>58.5</b>