

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
March 21, 2018
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Ruben Barcelo

Applicant:	California Municipal Finance Authority
Allocation Amount Requested:	Tax-exempt: \$15,597,000
Project Information:	Name: Sunset Creek Apartments Project Address: 840 E. Travis Boulevard Project City, County, Zip Code: Fairfield, Solano, 94533
Project Sponsor Information:	Name: New Sunset Creek, L.P. (MP Sunset Creek LLC) Principals: Beth Bartlett, Kim Le, Monique Moyer and Daniel Seubert Property Management Company: MidPen Property Management Corporation
Project Financing Information:	Bond Counsel: Jones Hall, A Professional Law Corporation Private Placement Purchaser: Bank of America, N.A. (construction only) 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 28, 2017 TEFRA Adoption Date: July 25, 2017
Description of Proposed Project:	State Ceiling Pool: General Total Number of Units: 76 Manager's Units: 1 Unrestricted Type: Acquisition and Rehabilitation Population Served: Family

Sunset Creek Apartments is an existing project located in Fairfield on a 3.8-acre site. The project consists of 75 restricted rental units and 1 unrestricted manager unit distributed as 8 one-bedroom units, 32 two-bedroom units and 36 three-bedroom units. Exterior work includes renovation or replacement of building siding, roof, insulation, HVAC, stairs, doors and windows. Interior renovations include updates to the laundry room and the addition of a multipurpose room equipped with kitchenette, resident services office and computer space. Individual units will be updated with replacement of kitchen appliances, cabinets, countertops, plumbing fixtures, hot water heater, bathroom fans, smoke detectors and flooring. Common area renovations will include signage, fencing, landscape, drainage, trash enclosures, security gates, fire alarm system and playgrounds. Rehabilitation is expected to begin in April 2018 and to be completed in April 2019.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
31% (23 units) restricted to 50% or less of area median income households.
69% (52 units) restricted to 60% or less of area median income households.
Unit Mix: 1, 2 & 3 bedrooms

The proposed project will be providing a service amenity in the form of an after-school childrens program.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost: \$ 25,992,869
Estimated Hard Costs per Unit: \$ 94,489 (\$7,181,198 /76 units including mgr. unit)
Estimated per Unit Cost: \$ 342,011 (\$25,992,869 /76 units including mgr. unit)
Allocation per Unit: \$ 205,224 (\$15,597,000 /76 units including mgr. unit)
Allocation per Restricted Rental Unit: \$ 207,960 (\$15,597,000 /75 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 15,597,000	\$ 0
Taxable Bond Proceeds	\$ 0	\$ 3,992,000
LIH Tax Credit Equity	\$ 764,855	\$ 8,869,608
Developer Equity - Existing Reserves	\$ 16,500	\$ 16,500
Deferred Developer Fee	\$ 2,172,649	\$ 2,172,649
Deferred Costs	\$ 943,734	\$ 0
Seller Carryback Loan	\$ 3,545,000	\$ 3,545,000
City of Fairfield Assumed Loan	\$ 1,524,049	\$ 1,524,049
City of Fairfield New Loan	\$ 1,275,000	\$ 1,275,000
Deferred Interest	\$ 154,082	\$ 154,082
Sponsor Loan	\$ 0	\$ 4,125,767
Net Income from Operations	\$ 0	\$ 318,214
Total Sources	\$ 25,992,869	\$ 25,992,869
Uses of Funds:		
Land Cost/Acquisition	\$ 10,570,000	
Rehabilitation	\$ 7,778,849	
Relocation	\$ 210,000	
Contractor Overhead & Profit	\$ 464,178	
Architectural Fees	\$ 308,700	
Survey and Engineering	\$ 94,850	
Construction Interest and Fees	\$ 1,323,120	
Permanent Financing	\$ 79,940	
Legal Fees	\$ 75,500	
Reserves	\$ 381,409	
Appraisal	\$ 16,000	
Hard Cost Contingency	\$ 989,163	
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 580,384	
Developer Costs	\$ 3,089,149	
Acquisition legal, title, escrow, transfer tax	\$ 31,627	
Total Uses	\$ 25,992,869	

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:

90 out of 140 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$15,597,000 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	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
Large Family Units	5	5	5
Leveraging	10	10	10
Community Revitalization Area	5	5	0
Site Amenities	10	10	5
Service Amenities	10	10	5
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
Total Points	140	110	90