

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:	<u>Construction</u>	<u>Permanent</u>
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