

**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*

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**Applicant:** California Municipal Finance Authority

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**Allocation Amount Requested:**  
**Tax-exempt:** \$15,597,000

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**Project Information:**  
**Name:** Sunset Creek Apartments  
**Project Address:** 840 E. Travis Boulevard  
**Project City, County, Zip Code:** Fairfield, Solano, 94533

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**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

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**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

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**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)

| <b>Sources of Funds:</b>             | <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           |
| <b>Total Sources</b>                 | <b>\$ 25,992,869</b> | <b>\$ 25,992,869</b> |

| <b>Uses of Funds:</b>                             |                      |
|---|----------------------|
| 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            |
| <b>Total Uses</b>                                 | <b>\$ 25,992,869</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:**

90 out of 140 [See Attachment A]

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**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<br>[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<br>(Competitive Allocation Process Only)                              | 10   | 10   | N/A           |
| Minimum Term of Restrictions<br>(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>90</b>     |