

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: Louise Eller

Applicant: California Municipal Finance Authority

Allocation Amount Requested: Tax-exempt: \$5,000,000

Project Information: Name: Arroyo Del Camino II Apartments
Project Address: 801 S. Corcoran Avenue
Project City, County, Zip Code: Avenal, Kings, 93204

Project Sponsor Information: Name: Avenal Pacific Associates II, a California LP (TPC Holdings V, LLC and Kaweah Management Company, Inc.)
Principals: Caleb Roope for TPC Holdings V, LLC; Herb Hawkins, Ken Kugler, Vern Bitney, Lonnie De Asis and John Hess for Kaweah Management Company, Inc.
Property Management Company: Buckingham Property Management

Project Financing Information: Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Private Placement Purchaser: Wells Fargo Bank, 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: November 30, 2017
TEFRA Adoption Date: December 14, 2017

Description of Proposed Project: State Ceiling Pool: Rural
Total Number of Units: 36
Manager's Units: 0*
Type: New Construction
Population Served: Family

*Management services will be provided through a staffing agreement with the adjacent Arroyo Del Camino I Apartments project.

Arroyo Del Camino II Apartments is a new construction project located in Avenal on a 2.04-acre site. The project consists of 36 restricted rental units. The project will have 24 two-bedroom units and 12 three-bedroom units. The buildings will be two-story garden style apartments and the type of construction will be wood frame supported by perimeter foundations with concrete slab flooring. Common amenities include a children's playground, covered picnic area and a centralized open space. The project will share a large community building with Arroyo Del Camino Phase I. The building includes an office, computer learning center, laundry facilities, community room and a kitchen. Each unit will have a refrigerator, dishwasher, garbage disposal, range with oven, covered patio or balcony with storage and washer/dryer hook-ups. Covered parking spaces will be provided. The construction is expected to begin May 2018 and be completed in May 2019.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
100% (36 units) restricted to 50% or less of area median income households.
Unit Mix: 2 & 3 bedrooms

The proposed project will not be providing service amenities.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$ 8,577,918	
Estimated Hard Costs per Unit:	\$ 131,227	(\$4,724,160 /36 units)
Estimated per Unit Cost:	\$ 238,276	(\$8,577,918 /36 units)
Allocation per Unit:	\$ 138,889	(\$5,000,000 /36 units)
Allocation per Restricted Rental Unit:	\$ 138,889	(\$5,000,000 /36 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 5,000,000	\$ 750,000
LIH Tax Credit Equity	\$ 434,218	\$ 3,144,200
Deferred Developer Fee	\$ 1,048,741	\$ 250,000
Deferred Costs	\$ 161,241	\$ 0
City of Avenal HOME Funds	\$ 1,933,718	\$ 4,433,718
Total Sources	\$ 8,577,918	\$ 8,577,918

Uses of Funds:	
Land Cost/Acquisition	\$ 230,000
New Construction	\$ 5,067,610
Contractor Overhead & Profit	\$ 377,933
Architectural Fees	\$ 200,000
Survey and Engineering	\$ 145,000
Construction Interest and Fees	\$ 343,100
Permanent Financing	\$ 100,000
Legal Fees	\$ 70,000
Reserves	\$ 161,241
Appraisal	\$ 10,000
Hard Cost Contingency	\$ 270,000
Local Development Impact Fees	\$ 282,965
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 271,328
Developer Costs	\$ 1,048,741
Total Uses	\$ 8,577,918

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:

61.2 out of 140 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$5,000,000 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	35
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	1.2
Large Family Units	5	5	5
Leveraging	10	10	10
Community Revitalization Area	5	5	0
Site Amenities	10	10	0
Service Amenities	10	10	0
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	120	61.2