

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
May 16, 2018
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Ruben Barcelo

Applicant: California Statewide Communities Development Authority

Allocation Amount Requested:
Tax-exempt: \$24,991,323

Project Information:
Name: Highland Creek Apartments
Project Address: 800 Gibson Drive
Project City, County, Zip Code: Roseville, Placer, 95678

Project Sponsor Information:
Name: Highland by Vintage, LP (Highland by Vintage Partners, LLC; and Community Revitalization and Development Corporation)
Principals: Michael K. Gancar for Highland by Vintage Partners, LLC; and David Rutledge, Mike Dahl and Shelby Marocco for Community Revitalization and Development Corporation
Property Management Company: FPI Management, Inc.

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: March 23, 2018
TEFRA Adoption Date: April 11, 2018

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 184
Manager's Units: 1 Unrestricted
Type: Acquisition and Rehabilitation
Population Served: Family

Highland Creek Apartments is an existing project located in Roseville on an 8.5-acre site. The project consists of 183 restricted rental units and 1 unrestricted manager unit distributed as 84 two-bedroom units, 76 three-bedroom units and 24 four-bedroom units. Building exterior renovations include new roof, stucco repair, balcony waterproofing, new windows and patio doors, ADA-compliant automatic front door, new lighting and fresh paint. Interior renovations include new HVAC, fire system upgrades and community room upgrades, including ADA-compliant kitchen and bathroom improvements. Individual unit renovations include new kitchen appliances, cabinets, countertops, flooring, plumbing fixtures, hot water heaters, electrical upgrades, new clothes washers and dryers, ADA conversions and fresh paint. Site area renovations include landscaping, new lighting, pavement and fence repair, ADA-compliant parking and path of travel upgrades and fresh paint. The rehabilitation is expected to begin in June 2018 and will be completed in June 2019.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
30% (55 units) restricted to 50% or less of area median income households.
70% (128 units) restricted to 60% or less of area median income households.
Unit Mix: 2, 3 & 4 bedrooms

The proposed project will be receiving service amenity points for providing an after school program.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$ 37,003,809	
Estimated Hard Costs per Unit:	\$ 24,398	(\$4,489,265 /184 units including mgr. units)
Estimated per Unit Cost:	\$ 201,108	(\$37,003,809 /184 units including mgr. units)
Allocation per Unit:	\$ 135,822	(\$24,991,323 /184 units including mgr. units)
Allocation per Restricted Rental Unit:	\$ 136,565	(\$24,991,323 /183 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 24,991,323	\$ 19,314,608
LIH Tax Credit Equity	\$ 0	\$ 10,621,983
Investor Equity	\$ 4,248,793	\$ 0
Deferred Developer Fee	\$ 3,891,448	\$ 3,194,973
Seller Carryback Loan	\$ 1,450,000	\$ 1,450,000
CalHFA Assumed Loan	\$ 344,973	\$ 344,973
Net Income From Operations	\$ 2,077,272	\$ 2,077,272
Total Sources	\$ 37,003,809	\$ 37,003,809

Uses of Funds:	
Land Cost/Acquisition	\$ 23,600,000
Rehabilitation	\$ 4,769,809
Relocation	\$ 50,000
Contractor Overhead & Profit	\$ 356,621
Architectural Fees	\$ 150,000
Construction Interest and Fees	\$ 1,971,085
Permanent Financing	\$ 109,350
Legal Fees	\$ 224,500
Reserves	\$ 483,866
Appraisal	\$ 10,000
Hard Cost Contingency	\$ 512,643
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 486,209
Developer Costs	\$ 4,279,726
Total Uses	\$ 37,003,809

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:

55.5 out of 140 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$24,991,323 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]	0
Large Family Units	5	5	5
Leveraging	10	10	0.5
Community Revitalization Area	5	5	0
Site Amenities	10	10	10
Service Amenities	10	10	5
New Construction or Substantial Renovation	10	10	0
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	55.5