

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
June 20, 2018
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Ruben Barcelo

Applicant: California Public Finance Authority

Allocation Amount Requested: Tax-exempt: \$39,442,000

Project Information:

Name: Rocklin Gateway Apartments
Project Address: North Corner of E. Midas Ave. and Pacific St.
Project City, County, Zip Code: Rocklin, Placer, 95677

Project Sponsor Information:

Name: Paxion Rocklin AH, LP (AOF Rocklin LLC; and Catalyst Rocklin, LP)
Principals: Philip J. Kennedy, Raman Nayar, Kathryn Walker, Thomas Null, Ajay Nayar and Sharon Tran for AOF Rocklin LLC; and Joseph Jay Petkunas and Fritz H. Wolff for Catalyst Rocklin, LP
Property Management Company: Avenue5 Residential

Project Financing Information:

Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Private Placement Purchaser: Not Applicable
Cash Flow Permanent Bond: Not Applicable
Public Sale: Rated
Underwriter: Jefferies LLC
Credit Enhancement Provider: Not Applicable
Rating: AA+
TEFRA Noticing Date: February 8, 2018
TEFRA Adoption Date: February 27, 2018

Description of Proposed Project:

State Ceiling Pool: Mixed
Total Number of Units: 204
Manager's Units: 2 Unrestricted
Type: New Construction
Population Served: Family

Rocklin Gateway Apartments is a new construction project located in Rocklin on a 7-acre site. The project consists of 41 restricted rental units, 161 market rate units and 2 unrestricted manager units distributed as 102 one-bedroom units and 102 two-bedroom units. The project will be comprised of eight 3-story residential buildings and a community building. Common amenities include a community lounge, a rain garden, central courtyard, a tot-lot and a shaded outdoor entertainment area that will feature a petanque court. Individual units will feature stacked washer and dryer and Energy Star kitchen appliances, including range/cooktop, refrigerator, dishwasher and microwave oven. Construction is expected to begin in September 2018 and will be completed in December 2019.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 20%
20% (41 units) restricted to 50% or less of area median income households.
Unit Mix: 1 & 2 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: | \$ 46,456,571 | |
| Estimated Hard Costs per Unit: | \$ 121,772 | (\$24,841,394 /204 units including mgr. units) |
| Estimated per Unit Cost: | \$ 227,728 | (\$46,456,571 /204 units including mgr. units) |
| Allocation per Unit: | \$ 193,343 | (\$39,442,000 /204 units including mgr. units) |
| Allocation per Restricted Rental Unit: | \$ 962,000 | (\$39,442,000 /41 restricted units) |

| Sources of Funds: | Construction | Permanent |
|--------------------------|---------------|---------------|
| Tax-Exempt Bond Proceeds | \$ 39,442,000 | \$ 0 |
| Taxable Loan | \$ 0 | \$ 39,442,000 |
| LIH Tax Credit Equity | \$ 2,685,420 | \$ 2,685,420 |
| General Partner Equity | \$ 4,329,151 | \$ 4,329,151 |
| Total Sources | \$ 46,456,571 | \$ 46,456,571 |

| Uses of Funds: | |
|---|---------------|
| Land Cost/Acquisition | \$ 2,760,000 |
| New Construction | \$ 26,303,436 |
| Contractor Overhead & Profit | \$ 512,400 |
| Architectural Fees | \$ 779,045 |
| Survey and Engineering | \$ 729,375 |
| Construction Interest and Fees | \$ 2,967,419 |
| Permanent Financing | \$ 139,879 |
| Legal Fees | \$ 146,925 |
| Reserves | \$ 774,731 |
| Appraisal | \$ 14,400 |
| Hard Cost Contingency | \$ 1,188,300 |
| Local Development Impact Fees | \$ 6,470,715 |
| Other Project Costs (Soft Costs, Marketing, etc.) | \$ 1,182,566 |
| Developer Costs | \$ 2,487,380 |
| Total Uses | \$ 46,456,571 |

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:

35.5 out of 120 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$39,442,000 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 | 6 |
| Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project] | [10] | [10] | 10 |
| Large Family Units | 5 | 5 | 0 |
| Leveraging | 10 | 10 | 0 |
| Community Revitalization Area | 5 | 5 | 0 |
| Site Amenities | 10 | 10 | 7.5 |
| Service Amenities | 10 | 10 | 0 |
| New Construction or Substantial Renovation | 10 | 10 | 10 |
| Sustainable Building Methods | 10 | 10 | 2 |
| 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 | 35.5 |