

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 Municipal Finance Authority

Allocation Amount Requested:

Tax-exempt: \$1,436,797

The amount of allocation requested is supplemental to the \$17,800,865 of allocation the Project received on November 15, 2017.

Project Information:

Name: Sycamore Street Commons & La Playa Residential Apartments (Supplemental)(Scattered Site)
Project Address: 125 Sycamore Street and 216 Leibrandt Avenue
Project City, County, Zip Code: Santa Cruz, Santa Cruz, 95060

Project Sponsor Information:

Name: Mercy Housing California 72 LP (Central Coast Housing, a California Nonprofit Corporation)
Principals: Barbara Gualco, Valerie Agostino, Jennifer Dolan and Amy Bayley
Property Management Company: Mercy Housing Management Group

Project Financing Information:

Bond Counsel: Jones Hall, A Professional Law Corporation
Private Placement Purchaser: U.S. Bank National Association
Cash Flow Permanent Bond: Not Applicable
Public Sale: Not Applicable
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Rating: Not Applicable
TEFRA Noticing Date: August 10, 2017
TEFRA Adoption Date: September 12, 2017

Description of Proposed Project:

State Ceiling Pool: General
Total Number of Units: 68
Manager's Units: 1 Unrestricted
Type: Acquisition and Rehabilitation
Population Served: Family

Sycamore Street Commons & La Playa Residential Apartments is an existing scattered site project located in Santa Cruz. Sycamore is located on a 2.5-acre site and La Playa on a 0.2-acre site. The project consists of 67 restricted rental units and 1 unrestricted manager unit. It provides 16 one-bedroom units, 21 two-bedroom units, 26 three-bedroom units and 5 four-bedroom units. Exterior renovations include installation of new roofs, attic insulation, siding and trim, doors and hardware, porch posts and railings, patio sliding doors, skylights, signage, fresh paint and repairs to stairs and decks. The community room will receive new door hardware and plumbing fixtures. Apartment units will be updated with new flooring, doors, kitchen appliances, bath and kitchen fixtures, water heaters, fresh paint and will include an ADA unit conversion. Site area renovations include replacement of selected walkways, fencing, playground equipment, ADA-related accessibility modifications and parking upgrades. Rehabilitation is expected to begin in July 2018 and will be completed in October 2019.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%

65% (44 units) restricted to 50% or less of area median income households.

35% (24 units) restricted to 60% or less of area median income households.

Unit Mix: 1, 2, 3 & 4 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:	\$ 35,967,206	
Estimated Hard Costs per Unit:	\$ 121,211	(\$8,242,356 /68 units including mgr. units)
Estimated per Unit Cost:	\$ 528,930	(\$35,967,206 /68 units including mgr. units)
Allocation per Unit:	\$ 282,907	(\$19,237,662 /68 units including mgr. units)
Allocation per Restricted Rental Unit:	\$ 282,907	(\$19,237,662 /68 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 19,237,662	\$ 5,325,000
LIH Tax Credit Equity	\$ 500,000	\$ 11,744,781
GP Equity - Existing Project Reserves	\$ 525,036	\$ 525,036
Deferred Developer Fee	\$ 2,230,267	\$ 2,230,267
Deferred Construction Interest	\$ 436,332	\$ 436,332
Seller Carryback Loan - Sycamore	\$ 4,819,606	\$ 4,819,606
Seller Carryback Loan - La Playa	\$ 825,302	\$ 825,302
CA HCD LPR Loan (FHDP & CHRP)	\$ 2,649,801	\$ 2,649,801
CA HCD HOME Loan	\$ 1,290,310	\$ 1,290,310
Santa Cruz City RDA Loan	\$ 842,240	\$ 842,240
Santa Cruz City Loan	\$ 869,031	\$ 869,031
Net Income From Operations	\$ 0	\$ 442,500
General Partner Loan	\$ 0	\$ 3,967,000
Total Sources	\$ 34,225,587	\$ 35,967,206

Uses of Funds:	
Land Cost/Acquisition	\$ 16,667,500
Rehabilitation	\$ 9,020,665
Relocation	\$ 820,000
Contractor Overhead & Profit	\$ 659,389
Architectural Fees	\$ 216,572
Survey and Engineering	\$ 84,899
Construction Interest and Fees	\$ 1,788,452
Permanent Financing	\$ 299,529
Legal Fees	\$ 130,000
Reserves	\$ 711,965
Appraisal	\$ 8,750
Hard Cost Contingency	\$ 939,629
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 509,587
Developer Costs	\$ 4,110,269
Total Uses	\$ 35,967,206

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.

Recommendation:

Staff recommends that the Committee approves \$1,436,797 in tax-exempt bond allocation.