

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
July 18, 2018
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Sarah Lester

Applicant: California Statewide Communities Development Authority

Allocation Amount Requested:
Tax-exempt: \$7,000,000

Project Information:
Name: Sierra Heights Apartments
Project Address: Executive Parkway and Hillview Ridge
Project City, County, Zip Code: Oroville, Butte, 95966

Project Sponsor Information:
Name: WP Sierra Heights Apartments, LP (WP Sierra Heights, LLC and Central Valley Coalition for Affordable Housing)
Principals: G. Davis Slajchert and Laura Slajchert for WP Sierra Heights, LLC; Jennifer Bertuccio, Renee Downum, Alan Jenkins, Christina Alley, Sid McIntyre and Steve Simmons for Central Valley Coalition for Affordable Housing
Property Management Company: Buckingham Property Management

Project Financing Information:
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Private Placement Purchaser: Rabobank, 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: May 21, 2018
TEFRA Adoption Date: June 5, 2018

Description of Proposed Project:
State Ceiling Pool: Rural
Total Number of Units: 40
Manager's Units: 1 Unrestricted
Type: New Construction
Population Served: Senior Citizens

Sierra Heights Apartments is a new construction senior project located in Oroville on a 6.35-acre site. The project consists of 39 restricted rental units and 1 unrestricted manager unit. The project will have 20 one-bedroom units and 20 two-bedroom units. There will be 2 three-story elevator serviced buildings built on a concrete slab with wood framing. Common amenities include a large community room, laundry facilities, management offices, resident's lounge and a BBQ area. Each unit will have grab bars in the bathrooms, a refrigerator and range/oven. There will be one 40 car parking lot provided adjacent to the project with an additional 4 spaces for resident guests. The construction is expected to begin October 2018 and be completed in October 2019.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
100% (39 units) restricted to 50% or less of area median income households.
Unit Mix: 1 & 2 bedrooms

The proposed project will not be receiving service amenity points.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$ 10,352,250	
Estimated Hard Costs per Unit:	\$ 97,500	(\$3,900,000 /40 units including mgr. units)
Estimated per Unit Cost:	\$ 258,806	(\$10,352,250 /40 units including mgr. units)
Allocation per Unit:	\$ 175,000	(\$7,000,000 /40 units including mgr. units)
Allocation per Restricted Rental Unit:	\$ 179,487	(\$7,000,000 /39 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 7,000,000	\$ 795,000
LIH Tax Credit Equity	\$ 500,000	\$ 3,178,250
HCD Home Funds	\$ 800,000	\$ 4,500,000
City of Oroville	\$ 660,000	\$ 660,000
AHP Funds	\$ 600,000	\$ 600,000
Willow Partners LLC	\$ 792,250	\$ 619,000
Total Sources	\$ 10,352,250	\$ 10,352,250

Uses of Funds:	
Land Cost/Acquisition	\$ 553,263
New Construction	\$ 5,091,000
Contractor Overhead & Profit	\$ 525,000
Architectural Fees	\$ 425,000
Survey and Engineering	\$ 150,000
Construction Interest and Fees	\$ 526,500
Permanent Financing	\$ 10,999
Legal Fees	\$ 200,000
Reserves	\$ 58,288
Appraisal	\$ 15,000
Hard Cost Contingency	\$ 300,000
Local Development Impact Fees	\$ 882,406
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 376,700
Developer Costs	\$ 1,238,094
Total Uses	\$ 10,352,250

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:

72.5 out of 140 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$7,000,000 in tax-exempt bond allocation on a carryforward basis.

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]	10
Large Family Units	5	5	0
Leveraging	10	10	10
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	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	72.5