

**THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**  
**September 19, 2018**  
**Staff Report**  
**REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A**  
**QUALIFIED RESIDENTIAL RENTAL PROJECT**

*Prepared by: Ruben Barcelo*

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| <b>Applicant:</b> | <b>California Statewide Communities Development Authority</b> |
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| <b>Allocation Amount Requested:</b> | <b>Tax-exempt:</b> \$9,240,000 |
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| <b>Project Information:</b> | <b>Name:</b> Day Creek Villas Apartments                                       |
|                             | <b>Project Address:</b> 12194 and 12226 Baseline Road                          |
|                             | <b>Project City, County, Zip Code:</b> Rancho Cucamonga, San Bernardino, 91730 |

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|-------------------------------------|---|
| <b>Project Sponsor Information:</b> | <b>Name:</b> Day Creek Senior Housing Partners 2, L.P. (Day Creek Senior Housing Partners MGP, LLC) |
|                                     | <b>Principals:</b> Michael Finn, Michael Ruane, Steve PonTell and Robert Diaz                       |
|                                     | <b>Property Management Company:</b> National Community Renaissance of California                    |

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|---------------------------------------|---|
| <b>Project Financing Information:</b> | <b>Bond Counsel:</b> Orrick, Herrington & Sutcliffe LLP       |
|                                       | <b>Private Placement Purchaser:</b> JPMorgan Chase Bank, N.A. |
|                                       | <b>Cash Flow Permanent Bond:</b> Not Applicable               |
|                                       | <b>Public Sale:</b> Not Applicable                            |
|                                       | <b>Underwriter:</b> Not Applicable                            |
|                                       | <b>Credit Enhancement Provider:</b> Not Applicable            |
|                                       | <b>Rating:</b> Not Applicable                                 |
|                                       | <b>TEFRA Noticing Date:</b> July 27, 2018                     |
|                                       | <b>TEFRA Adoption Date:</b> August 15, 2018                   |

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|---|---|
| <b>Description of Proposed Project:</b> | <b>State Ceiling Pool:</b> General        |
|   | <b>Total Number of Units:</b> 46          |
|   | <b>Manager's Units:</b> 0                 |
|   | <b>Type:</b> New Construction             |
|   | <b>Population Served:</b> Senior Citizens |

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Day Creek Villas Apartments is a new construction project located in Rancho Cucamonga on a 4-acre site. The project will provide 46 restricted rental units distributed as 43 one-bedroom units and 3 two-bedroom units. One manager unit is included in the 9% LIHTC portion of this hybrid project. The design will be a single three-story, elevator-served building. Common amenities include a courtyard, community room, laundry facilities, exercise facility, computer room, swimming pool and spa. Each unit will feature central heat/AC, ceiling fan, balcony/patio and a kitchen equipped with refrigerator, range/oven and garbage disposal. A total of 119 parking spaces will be provided. The project will pursue LEED certification. Construction is expected to begin in January 2019 and be completed in October 2020.

**Description of Public Benefits:**

**Percent of Restricted Rental Units in the Project:** 100%

37% (17 units) restricted to 50% or less of area median income households.

63% (29 units) restricted to 60% or less of area median income households.

**Unit Mix:** 1 & 2 bedrooms

The proposed project will receive service amenity points for providing the services of a bona fide service coordinator.

**Term of Restrictions:**

**Income and Rent Restrictions:** 55 years

**Details of Project Financing:**

|   |               |   |
|---|---------------|---|
| <b>Estimated Total Development Cost:</b>      | \$ 16,124,848 |   |
| <b>Estimated Hard Costs per Unit:</b>         | \$ 157,683    | (\$7,253,433 /46 units including mgr. units)  |
| <b>Estimated per Unit Cost:</b>               | \$ 350,540    | (\$16,124,848 /46 units including mgr. units) |
| <b>Allocation per Unit:</b>                   | \$ 200,870    | (\$9,240,000 /46 units including mgr. units)  |
| <b>Allocation per Restricted Rental Unit:</b> | \$ 200,870    | (\$9,240,000 /46 restricted units)            |

| <b>Sources of Funds:</b>                          | Construction         | Permanent            |
|---|----------------------|----------------------|
| Tax-Exempt Bond Proceeds                          | \$ 9,240,000         | \$ 1,737,697         |
| LIH Tax Credit Equity                             | \$ 1,038,712         | \$ 5,177,724         |
| Developer Equity                                  | \$ 0                 | \$ 1,415,627         |
| Deferred Developer Fee                            | \$ 0                 | \$ 74,758            |
| Deferred Costs                                    | \$ 121,707           | \$ 0                 |
| FHLB AHP Loan                                     | \$ 460,000           | \$ 460,000           |
| City Loan (RDA)                                   | \$ 3,808,802         | \$ 5,700,000         |
| City Land Loan (RDA)                              | \$ 1,256,562         | \$ 1,256,563         |
| IEHP Loan   | \$ 199,065           | \$ 302,479           |
| <b>Total Sources</b>                              | <b>\$ 16,124,848</b> | <b>\$ 16,124,848</b> |
| <br><b>Uses of Funds:</b>                         |                      |                      |
| Land Cost/Acquisition                             | \$ 3,024,635         |                      |
| New Construction                                  | \$ 7,865,046         |                      |
| Contractor Overhead & Profit                      | \$ 590,930           |                      |
| Architectural Fees                                | \$ 345,000           |                      |
| Survey and Engineering                            | \$ 32,857            |                      |
| Construction Interest and Fees                    | \$ 667,583           |                      |
| Permanent Financing                               | \$ 70,000            |                      |
| Legal Fees  | \$ 200,000           |                      |
| Reserves  | \$ 94,675            |                      |
| Appraisal   | \$ 15,000            |                      |
| Hard Cost Contingency                             | \$ 425,249           |                      |
| Local Development Impact Fees                     | \$ 844,281           |                      |
| Other Project Costs (Soft Costs, Marketing, etc.) | \$ 299,592           |                      |
| Developer Costs                                   | \$ 1,650,000         |                      |
| <b>Total Uses</b>                                 | <b>\$ 16,124,848</b> |                      |

**Analyst Comments:**

None

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**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.

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**Total Points:**

82.5 out of 140 [See Attachment A]

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**Recommendation:**

Staff recommends that the Committee approves \$9,240,000 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<br>[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   | 5             |
| New Construction or Substantial Renovation   | 10   | 10   | 10            |
| Sustainable Building Methods   | 10   | 10   | 5             |
| Forgone Eligible Developer Fee<br>(Competitive Allocation Process Only)                              | 10   | 10   | N/A           |
| Minimum Term of Restrictions<br>(Competitive Allocation Process Only)                                | 10   | 10   | N/A           |
| Negative Points (No Maximum)   | -10  | -10  | 0             |
| <b>Total Points</b>  | <b>140</b>   | <b>120</b>                                       | <b>82.5</b>   |