

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
October 17, 2018
Staff Report
**REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT**

Prepared by: Richard Fischer

Applicant: Golden State Finance Authority

Allocation Amount Requested: Tax-exempt: \$5,768,000

Project Information: Name: Solano Vista Senior Apartments
Project Address: 40 Valle Vista Avenue
Project City, County, Zip Code: Vallejo, Solano, 94590

Project Sponsor Information: Name: Solano Vallejo AR, L.P. (Las Palmas Foundation and HCHP Affordable Multi-Family, LLC)
Principals: Joseph M. Michaels and Noami Pines for Las Palmas Foundation; Michael A. Costa, Robert W. Tetrault and Thomas E. Erickson for HCHP Affordable Multi-Family, LLC
Property Management Company: WinnResidential California L.P.

Project Financing Information: Bond Counsel: Kutak Rock LLP
Private Placement Purchaser: America First Multifamily Investors, L.P.
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 3, 2018
TEFRA Adoption Date: September 11, 2018

Description of Proposed Project: State Ceiling Pool: General
Total Number of Units: 96
Manager's Units: 1 Unrestricted
Type: Acquisition and Rehabilitation
Population Served: Family

Solano Vista Senior Apartments is an existing project located in Vallejo on a 3.42-acre site. The project consists of 95 restricted rental units and 1 unrestricted manager unit. The project has 78 one-bedroom units and 18 two-bedroom units. The renovations will include building exterior and interior upgrades. Building exterior renovations will consist of replacing hot water boilers with energy efficient boilers, roof replacement, a fresh coat of paint, concrete repair, replacing all condensing units and replace corridor lighting. Interior renovations will include refrigerators being replaced with energy efficient models and mobility/communication upgrades. The rehabilitation is expected to begin in December 2018 and to be completed in August 2019.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
100% (95 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:	\$ 11,148,021	
Estimated Hard Costs per Unit:	\$ 22,242	(\$2,135,200 /96 units including mgr. units)
Estimated per Unit Cost:	\$ 116,125	(\$11,148,021 /96 units including mgr. units)
Allocation per Unit:	\$ 60,083	(\$5,768,000 /96 units including mgr. units)
Allocation per Restricted Rental Unit:	\$ 60,716	(\$5,768,000 /95 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 5,768,000	\$ 2,717,000
LIH Tax Credit Equity	\$ 399,556	\$ 3,235,153
Deferred Developer Fee	\$ 0	\$ 907,633
Deferred Costs	\$ 1,219,413	\$ 0
Seller Carryback Loan	\$ 2,661,051	\$ 2,661,051
City of Vallejo Loan	\$ 600,000	\$ 600,000
Golden State Finance Authority Loan	\$ 500,000	\$ 500,000
Net Income from Operations	\$ 0	\$ 527,184
Total Sources	\$ 11,148,020	\$ 11,148,021

Uses of Funds:	
Land Cost/Acquisition	\$ 6,100,000
Rehabilitation	\$ 2,263,312
Contractor Overhead & Profit	\$ 170,816
Architectural Fees	\$ 20,000
Survey and Engineering	\$ 39,800
Construction Interest and Fees	\$ 581,592
Permanent Financing	\$ 150,114
Legal Fees	\$ 142,500
Reserves	\$ 180,000
Hard Cost Contingency	\$ 123,166
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 105,528
Developer Costs	\$ 1,271,193
Total Uses	\$ 11,148,021

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:

51.1 out of 140 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$5,768,000 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	6.1
Community Revitalization Area	5	5	0
Site Amenities	10	10	0
Service Amenities	10	10	0
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	51.1