

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
December 12, 2018
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Felicity Wood

Applicant:	Golden State Finance Authority
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Allocation Amount Requested:	Tax-exempt: \$13,200,000
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Project Information:	Name: Montevista Senior Apartments
	Project Address: 13728 San Pablo Avenue
	Project City, County, Zip Code: San Pablo, Contra Costa, 94806

Project Sponsor Information:	Name: Montevista San Pablo AR, L.P. (TELACU Homes, Inc. and HCHP Affordable Multi-Family, LLC)
	Principals: John Clem, Michael A. Costa, Robert W. Tetrault and Thomas E. Erickson
	Property Management Company: Winn Residential California LP

Project Financing Information:	Bond Counsel: Kutak Rock LLP
	Private Placement Purchaser: America First Tax Exempt Investors, LP
	Cash Flow Permanent Bond: Not Applicable
	Public Sale: Not Applicable
	Underwriter: Not Applicable
	Credit Enhancement Provider: Not Applicable
	Rating: Not Applicable
	TEFRA Noticing Date: July 30, 2018
	TEFRA Adoption Date: August 15, 2018

Description of Proposed Project:	State Ceiling Pool: General
	Total Number of Units: 82
	Manager's Units: 1 Unrestricted
	Type: Acquisition and Rehabilitation
	Population Served: Senior Citizens

Montevista Senior Apartments is an existing project located in Contra Costa on a 1.14-acre site. The project consists of 54 restricted rental units, 27 unrestricted units, and one unrestricted manager's unit. The project has 64 one-bedroom units and 18 two-bedroom units. The renovations will include building exterior and interior upgrades. Building exterior renovations will consist of repair to dry rot and a fresh coat of paint. Interior renovations will include upgrades to the clubhouse and common areas, LED lighting upgrades throughout the site, replacing existing boilers with a new energy efficient system and the installation of attic insulation. Individual apartment units will be updated with low flow aerator shower heads, replacement A/C condensing units, and Energy Star rated refrigerators and stoves. Lastly, common or site area renovations will consist of repairing a wrought iron fence, irrigation improvements, restriping the parking garage and repairing the courtyard walkway overlay. The rehabilitation is expected to begin in the second quarter of 2019 and be completed in the first quarter of 2020.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 67%
58% (47 units) restricted to 50% or less of area median income households.
9% (7 units) restricted to 60% or less of area median income households.
Unit Mix: 1 & 2 bedrooms

The proposed project will be receiving service amenity points.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost: \$ 25,364,921
Estimated Hard Costs per Unit: \$ 25,976 (\$2,130,000 /82 units including mgr. unit)
Estimated per Unit Cost: \$ 309,328 (\$25,364,921 /82 units including mgr. unit)
Allocation per Unit: \$ 160,976 (\$13,200,000 /82 units including mgr. unit)
Allocation per Restricted Rental Unit: \$ 244,444 (\$13,200,000 /54 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 13,200,000	\$ 7,516,087
LIH Tax Credit Equity	\$ 0	\$ 6,978,363
Developer Equity	\$ 428,042	\$ 524,663
Deferred Developer Fee	\$ 0	\$ 1,416,356
Deferred Costs	\$ 2,282,764	\$ 0
Seller Carryback Loan	\$ 8,321,086	\$ 7,796,423
Net Income From Operations	\$ 1,133,029	\$ 1,133,029
Total Sources	\$ 25,364,921	\$ 25,364,921

Uses of Funds:	
Land Cost/Acquisition	\$ 17,600,000
Rehabilitation	\$ 2,257,800
Contractor Overhead & Profit	\$ 170,400
Architectural Fees	\$ 20,000
Survey and Engineering	\$ 40,000
Construction Interest and Fees	\$ 1,476,473
Permanent Financing	\$ 265,011
Legal Fees	\$ 137,500
Reserves	\$ 239,866
Hard Cost Contingency	\$ 122,890
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 102,269
Developer Costs	\$ 2,932,712
Total Uses	\$ 25,364,921

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:

53 out of 140 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$13,200,000 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]	0.00
Large Family Units	5	5	0.00
Leveraging	10	10	0.00
Community Revitalization Area	5	5	0.00
Site Amenities	10	10	7.50
Service Amenities	10	10	10.00
New Construction or Substantial Renovation	10	10	0.00
Sustainable Building Methods	10	10	0.00
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	0.00
Total Points	140	120	52.50