

**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: Sarah Lester*

---

**Applicant:** California Housing Finance Agency

---

**Allocation Amount Requested:**

**Tax-exempt:** \$5,023,229

The amount of allocation requested is supplemental to the \$20,157,987 of allocation the Project received on December 13, 2017.

---

**Project Information:**

**Name:** Truckee Artist Lofts Apartments (Supplemental)  
**Project Address:** 10121 Church Street  
**Project City, County, Zip Code:** Truckee, Nevada, 96161

---

**Project Sponsor Information:**

**Name:** Downtown Truckee Investors, LP (Cyrus Youssefi (an individual); Egis Group, Inc.; and Community Revitalization and Development Corporation)  
**Principals:** Cyrus Youssefi (an individual); John Cicerone for Egis Group, Inc.; David Rutledge, Mike Dahl and Sheby Marocco for Community Revitalization and Development Corporation  
**Property Management Company:** C.F.Y. Development, Inc.

---

**Project Financing Information:**

**Bond Counsel:** Orrick, Herrington & Sutcliffe LLP  
**Private Placement Purchaser:** JPMorgan, Chase Bank, N.A. (construction only)  
**Cash Flow Permanent Bond:** Not Applicable  
**Public Sale:** Not Applicable  
**Underwriter:** Not Applicable  
**Credit Enhancement Provider:** Not Applicable  
**Rating:** Not Applicable  
**TEFRA Noticing Date:** October 3, 2018  
**TEFRA Adoption Date:** November 2, 2018

---

**Description of Proposed Project:**

**State Ceiling Pool:** General  
**Total Number of Units:** 90  
**Manager's Units:** 1 Restricted  
**Type:** New Construction  
**Population Served:** Family

Truckee Artist Lofts Apartments is a new construction project located in Truckee and is part of 75-acre Truckee Railyard master plan site. The project consists of 76 restricted rental units, 13 market rate units and 1 restricted managers' unit. The project will have 29 studio units, 45 one-bedroom units, 10 two-bedroom units and 6 three-bedroom units. The building will be 4-stories and concrete framed construction. Common amenities include laundry facilities, management offices, patios and terrace areas with a BBQ area and kitchenette. Each unit will have a refrigerator, range/oven and dishwasher. There are 45 covered parking spaces provided. Green features include energy efficient central natural gas boilers and hydronic heating system to offset common hot water and energy loads. The construction is expected to begin May 2019 and be completed in July 2020.

**Description of Public Benefits:**

**Percent of Restricted Rental Units in the Project:** 86%  
10% (9 units) restricted to 50% or less of area median income households.  
74% (67 units) restricted to 60% or less of area median income households.  
**Unit Mix:** Studio, 1, 2 & 3 bedrooms

The proposed project will not be providing service amenities.

**Term of Restrictions:**

**Income and Rent Restrictions:** 55 years

**Details of Project Financing:**

|   |               |  |
|---|---------------|--|
| <b>Estimated Total Development Cost:</b>      | \$ 35,715,234 |  |
| <b>Estimated Hard Costs per Unit:</b>         | \$ 207,003    | \$18,630,312 /90 units including mgr. units) |
| <b>Estimated per Unit Cost:</b>               | \$ 396,836    | 18,630,312 /90 units including mgr. units)   |
| <b>Allocation per Unit:</b>                   | \$ 279,791    | 25,181,216 /90 units including mgr. units)   |
| <b>Allocation per Restricted Rental Unit:</b> | \$ 327,029    | 25,181,216 /77 restricted units)             |

| <b>Sources of Funds:</b>  | Construction         | Permanent            |
|---------------------------|----------------------|----------------------|
| Tax-Exempt Bond Proceeds  | \$ 25,181,216        | \$ 0                 |
| Taxable Bond Proceeds     | \$ 0                 | \$ 6,700,499         |
| LIH Tax Credit Equity     | \$ 2,588,954         | \$ 12,748,821        |
| Deferred Developer Fee    | \$ 3,110,048         | \$ 1,503,314         |
| Def Operating Reserves    | \$ 222,416           | \$ 0                 |
| CalHFA Gap Loan           | \$ 0                 | \$ 3,500,000         |
| Martis Foundation         | \$ 0                 | \$ 1,650,000         |
| Town of Truckee Loan      | \$ 1,650,000         | \$ 1,650,000         |
| Inclusionary Land Contrib | \$ 1,681,000         | \$ 1,681,000         |
| HCD Infill Funds          | \$ 1,281,600         | \$ 1,281,600         |
| HOME Loan                 | \$ 0                 | \$ 5,000,000         |
| <b>Total Sources</b>      | <b>\$ 35,715,234</b> | <b>\$ 35,715,234</b> |

| <b>Uses of Funds:</b>                             |                      |
|---|----------------------|
| Land Cost/Acquisition                             | \$ 2,962,600         |
| New Construction                                  | \$ 22,408,131        |
| Contractor Overhead & Profit                      | \$ 1,490,425         |
| Architectural Fees                                | \$ 672,700           |
| Survey and Engineering                            | \$ 96,450            |
| Construction Interest and Fees                    | \$ 977,001           |
| Permanent Financing                               | \$ 214,825           |
| Legal Fees  | \$ 200,000           |
| Reserves  | \$ 222,416           |
| Appraisal   | \$ 9,000             |
| Hard Cost Contingency                             | \$ 1,107,407         |
| Local Development Impact Fees                     | \$ 1,830,533         |
| Other Project Costs (Soft Costs, Marketing, etc.) | \$ 413,698           |
| Developer Costs                                   | \$ 3,110,048         |
| <b>Total Uses</b>                                 | <b>\$ 35,715,234</b> |

**Analyst Comments:**

According to the Applicant, this supplemental allocation is being requested due to an unexpected increase in construction costs and the shortage of labor in construction trades, which caused the total development cost to increase. In addition, according to the Applicant, due to drastic changes in the low income housing tax credit market: equity pricing has reduced and interest rates have increased. The Applicant states that these factors have created difficulty in obtaining reasonable bids from major subcontractors.

---

**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 \$5,023,229 in tax-exempt bond allocation on a carryforward basis.

**THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**  
**December 13, 2017**  
**Staff Report**  
**REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A**  
**QUALIFIED RESIDENTIAL RENTAL PROJECT**

*Prepared by: Sarah Lester*

---

**Applicant:** California Housing Finance Agency

---

**Allocation Amount Requested:**  
**Tax-exempt:** \$20,157,987

---

**Project Information:**  
**Name:** Truckee Artist Lofts Apartments  
**Project Address:** 10121 Church Street  
**Project City, County, Zip Code:** Truckee, Nevada, 96161

---

**Project Sponsor Information:**  
**Name:** Downtown Truckee Investors, LP (Cyrus Youssefi (an individual); Ali Youssefi (an individual); Egis Group, Inc.; Community Revitalization and Development Corporation; and Truckee Development Associates, LLC)  
**Principals:** Cyrus Youssefi (an individual); Ali Youssefi (an individual); John Cicerone for Egis Group, Inc.; David Rutledge, Mike Dahl and Sheby Marocco for Community Revitalization and Development Corporation; and Richard Holliday for Truckee Development Associates, LLC  
**Property Management Company:** C.F.Y. Development, Inc.

---

**Project Financing Information:**  
**Bond Counsel:** Orrick, Herrington & Sutcliffe LLP  
**Private Placement Purchaser:** JPMorgan, Chase Bank, N.A. (construction only)  
**Cash Flow Permanent Bond:** Not Applicable  
**Public Sale:** Not Applicable  
**Underwriter:** Not Applicable  
**Credit Enhancement Provider:** Not Applicable  
**Rating:** Not Applicable  
**TEFRA Noticing Date:** October 7, 2017  
**TEFRA Adoption Date:** October 31, 2017

---

**Description of Proposed Project:**  
**State Ceiling Pool:** General  
**Total Number of Units:** 90  
**Manager's Units:** 1 Restricted  
**Type:** New Construction  
**Population Served:** Family

Truckee Artist Lofts Apartments is a new construction project located in Truckee and is part of 75-acre Truckee Railyard master plan site. The project consists of 76 restricted rental units, 13 market rate units and 1 restricted managers' unit. The project will have 29 studio units, 45 one-bedroom units, 10 two-bedroom units and 6 three-bedroom units. The building will be 4-stories and Type IA concrete framed construction. Common amenities include laundry facilities, management offices, patios and terrace areas with a BBQ area and kitchenette. Each unit will have a refrigerator, range/oven and dishwasher. There are 45 covered parking spaces provided. Green features include energy efficient central natural gas boilers and hydronic heating system to offset common hot water and energy loads. The construction is expected to begin July 2018 and be completed in July 2020.

**Description of Public Benefits:**

**Percent of Restricted Rental Units in the Project:** 86%

10% (9 units) restricted to 50% or less of area median income households.

74% (67 units) restricted to 60% or less of area median income households.

**Unit Mix:** Studio, 1, 2 & 3 bedrooms

The proposed project will not be providing service amenities.

**Term of Restrictions:**

**Income and Rent Restrictions:** 55 years

**Details of Project Financing:**

|   |               |   |
|---|---------------|---|
| <b>Estimated Total Development Cost:</b>      | \$ 31,196,237 |   |
| <b>Estimated Hard Costs per Unit:</b>         | \$ 190,000    | (\$17,100,000 /90 units including mgr. units) |
| <b>Estimated per Unit Cost:</b>               | \$ 346,625    | (\$31,196,237 /90 units including mgr. units) |
| <b>Allocation per Unit:</b>                   | \$ 223,978    | (\$20,157,987 /90 units including mgr. units) |
| <b>Allocation per Restricted Rental Unit:</b> | \$ 261,792    | (\$20,157,987 /77 restricted units)           |

| <b>Sources of Funds:</b>  | <u>Construction</u>  | <u>Permanent</u>     |
|---------------------------|----------------------|----------------------|
| Tax-Exempt Bond Proceeds  | \$ 20,157,987        | \$ 0                 |
| Taxable Bond Proceeds     | \$ 0                 | \$ 10,744,577        |
| LIH Tax Credit Equity     | \$ 1,824,249         | \$ 9,121,245         |
| Deferred Developer Fee    | \$ 3,095,900         | \$ 1,317,815         |
| Def Operating Reserves    | \$ 255,501           | \$ 0                 |
| CalHFA Gap Loan           | \$ 0                 | \$ 2,500,000         |
| Martis Foundation         | \$ 0                 | \$ 1,650,000         |
| Town of Truckee Loan      | \$ 1,400,000         | \$ 1,400,000         |
| Inclusionary Land Contrib | \$ 1,681,000         | \$ 1,681,000         |
| HCD Infill Funds          | \$ 1,281,600         | \$ 1,281,600         |
| Holliday Dev Gap Loan     | \$ 1,500,000         | \$ 1,500,000         |
| <b>Total Sources</b>      | <b>\$ 31,196,237</b> | <b>\$ 31,196,237</b> |

| <b>Uses of Funds:</b>                             |                      |
|---|----------------------|
| Land Cost/Acquisition                             | \$ 2,962,600         |
| New Construction                                  | \$ 18,251,000        |
| Contractor Overhead & Profit                      | \$ 1,368,000         |
| Architectural Fees                                | \$ 500,000           |
| Survey and Engineering                            | \$ 600,000           |
| Construction Interest and Fees                    | \$ 756,000           |
| Permanent Financing                               | \$ 191,800           |
| Legal Fees  | \$ 200,000           |
| Reserves  | \$ 255,501           |
| Appraisal   | \$ 10,000            |
| Hard Cost Contingency                             | \$ 974,700           |
| Local Development Impact Fees                     | \$ 1,625,245         |
| Other Project Costs (Soft Costs, Marketing, etc.) | \$ 405,491           |
| Developer Costs                                   | \$ 3,095,900         |
| <b>Total Uses</b>                                 | <b>\$ 31,196,237</b> |

**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:**

54.5 out of 140 [See Attachment A]

---

**Recommendation:**

Staff recommends that the Committee approves \$20,157,987 in tax-exempt bond allocation.

**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   | 22            |
| Exceeding Minimum Rent Restrictions<br>[Allowed if 10 pts not awarded above in Preservation Project] | [10]   | [10]   | 0             |
| Gross Rents  | 5  | 5  | 5             |
| 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<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>54.5</b>   |