

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
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Allocation Amount Requested:	Tax-exempt: \$5,023,229
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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:

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

Sources of Funds:	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
Total Sources	\$ 35,715,234	\$ 35,715,234

Uses of Funds:	
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
Total Uses	\$ 35,715,234

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:

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

Sources of Funds:	Construction	Permanent
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
Total Sources	\$ 31,196,237	\$ 31,196,237

Uses of Funds:	
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
Total Uses	\$ 31,196,237

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 [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 (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	54.5