

**THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**  
**January 16, 2019**  
**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 Municipal Finance Authority</b>  |
| <b>Allocation Amount Requested:</b>     | <b>Tax-exempt:</b> \$33,500,000  |
| <b>Project Information:</b>             | <b>Name:</b> <b>Fairfield Apartments (Parkside Villa Apartments &amp; Rockwell Manor Apartments)</b><br><b>Project Address:</b> 1650 Park Lane and 693 East Tabor Avenue<br><b>Project City, County, Zip Code:</b> Fairfield, Solano, 94533  |
| <b>Project Sponsor Information:</b>     | <b>Name:</b> Standard Fairfield Venture LP (Standard Fairfield Manager LP; and Housing on Merit X LLC)<br><b>Principals:</b> Jeffrey Jaeger and Scott Alter for Standard Fairfield Manager LP; and Jennifer Litwak for Housing on Merit X LLC<br><b>Property Management Company:</b> Apartment Management Consultants, LLC   |
| <b>Project Financing Information:</b>   | <b>Bond Counsel:</b> Orrick, Herrington & Sutcliffe LLP<br><b>Private Placement Purchaser:</b> Jones Lang LaSalle Multifamily, LLC<br><b>Cash Flow Permanent Bond:</b> Not Applicable<br><b>Public Sale:</b> Not Applicable<br><b>Underwriter:</b> Not Applicable<br><b>Credit Enhancement Provider:</b> Not Applicable<br><b>Rating:</b> Not Applicable<br><b>TEFRA Noticing Date:</b> November 30, 2018<br><b>TEFRA Adoption Date:</b> December 18, 2018 |
| <b>Description of Proposed Project:</b> | <b>State Ceiling Pool:</b> General<br><b>Total Number of Units:</b> 128<br><b>Manager's Units:</b> 2 Unrestricted<br><b>Type:</b> Acquisition and Rehabilitation<br><b>Population Served:</b> Family   |

Fairfield Apartments is an existing scattered site project located in Fairfield on two parcels with a combined area of 7.27 acres. The project consists of 116 restricted rental units, 10 market rate units and 2 unrestricted manager units distributed as 88 two-bedroom units and 40 three-bedroom units. Building exterior renovations will include new roof, window and sliding door replacement, new entry doors and hardware, and fresh paint. Interior renovations will include upgrades to the laundry facilities, leasing office and fitness/business center. Individual units will be updated with new heating/AC units, new water heaters, electrical upgrades, new flooring and window coverings, new kitchen appliances, new kitchen and bathroom cabinets, countertops, plumbing fixtures, and fresh paint. Site area renovations will include new fencing and lighting, sidewalk repairs, asphalt sealing and re-striping, and improvements to the landscaping and signage. The rehabilitation is expected to begin in March 2019 and be completed in December 2019.

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**Description of Public Benefits:**

**Percent of Restricted Rental Units in the Project:** 92%

26% (33 units) restricted to 50% or less of area median income households.

66% (83 units) restricted to 60% or less of area median income households.

**Unit Mix:** 2 & 3 bedrooms

The proposed project will not be receiving service amenity points.

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**Term of Restrictions:**

**Income and Rent Restrictions:** 55 years

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**Details of Project Financing:**

|   |    |            |  |
|---|----|------------|--|
| <b>Estimated Total Development Cost:</b>      | \$ | 50,378,236 |  |
| <b>Estimated Hard Costs per Unit:</b>         | \$ | 38,681     | (\$4,951,150 /128 units including mgr. units)  |
| <b>Estimated per Unit Cost:</b>               | \$ | 393,580    | (\$50,378,236 /128 units including mgr. units) |
| <b>Allocation per Unit:</b>                   | \$ | 261,719    | (\$33,500,000 /128 units including mgr. units) |
| <b>Allocation per Restricted Rental Unit:</b> | \$ | 288,793    | (\$33,500,000 /116 restricted units)           |

| <b>Sources of Funds:</b> | Construction         | Permanent            |
|--------------------------|----------------------|----------------------|
| Tax-Exempt Bond Proceeds | \$ 33,500,000        | \$ 33,500,000        |
| LIH Tax Credit Equity    | \$ 10,940,325        | \$ 13,310,813        |
| Developer Equity         | \$ 5,937,911         | \$ 3,567,423         |
| <b>Total Sources</b>     | <b>\$ 50,378,236</b> | <b>\$ 50,378,236</b> |

| <b>Uses of Funds:</b>                             |                      |
|---|----------------------|
| Land Cost/Acquisition                             | \$ 34,000,000        |
| Rehabilitation                                    | \$ 5,305,168         |
| Contractor Overhead & Profit                      | \$ 396,093           |
| Architectural Fees                                | \$ 495,115           |
| Construction Interest and Fees                    | \$ 1,710,763         |
| Permanent Financing                               | \$ 434,141           |
| Legal Fees  | \$ 340,000           |
| Reserves  | \$ 696,782           |
| Appraisal   | \$ 8,000             |
| Hard Cost Contingency                             | \$ 619,623           |
| Other Project Costs (Soft Costs, Marketing, etc.) | \$ 434,640           |
| Developer Costs                                   | \$ 5,937,911         |
| <b>Total Uses</b>                                 | <b>\$ 50,378,236</b> |

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**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:**

73.5 out of 140 [See Attachment A]

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**Recommendation:**

Staff recommends that the Committee approves \$33,500,000 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   | 20            |
| Exceeding Minimum Income Restrictions:   | 35   | 15   | 31            |
| Exceeding Minimum Rent Restrictions<br>[Allowed if 10 pts not awarded above in Preservation Project] | [10]   | [10]   | 0             |
| Large Family Units   | 5  | 5  | 5             |
| Leveraging   | 10   | 10   | 0             |
| 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>110</b>                                       | <b>73.5</b>   |