Agenda Item No. 10.2
Application No. 19-460

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
May 15, 2019
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Richard Fischer

Applicant: **California Statewide Communities Development Authority**

Allocation Amount Requested:

Tax-exempt:	$4,500,000

Project Information:

Name:	**Courtyards at Penn Valley**
Project Address:	10491-10533 Broken Oak Court
Project City, County, Zip Code:	Penn Valley, Nevada, 95946

Project Sponsor Information:

Name:	Penn Valley 2 LP (Penn Valley 2 GP, LLC and Nevada County Housing Development Corporation)
Principals:	Danielle Curls Bennett, Nicole Lewis and Deanna Curls for Penn Valley 2 GP, LLC; Jennifer Price for Nevada County Housing Development Corporation
Property Management Company:	FPI Management, Inc.

Project Financing Information:

Bond Counsel:	Orrick, Herrington & Sutcliffe LLP
Private Placement Purchaser:	Bonneville Mortgage Company/Hunt Capital Partners
Cash Flow Permanent Bond:	Not Applicable
Public Sale:	Not Applicable
Underwriter:	Not Applicable
Credit Enhancement Provider:	Not Applicable
Rating:	Not Applicable
TEFRA Noticing Date:	March 8, 2019
TEFRA Adoption Date:	March 26, 2019

Description of Proposed Project:

State Ceiling Pool:	Rural
Total Number of Units:	42
Manager's Units:	1 Unrestricted
Type:	Acquisition and Rehabilitation
Population Served:	Family

Courtyards at Penn Valley Apartments is an existing project located in Penn Valley on a 4.85-acre site. The project consists of 41 restricted rental units and 1 unrestricted manager unit. The project has 16 two-bedroom units and 26 three-bedroom units. Building exterior renovations will consist of wood trim replacement, roof replacement, window replacements and a fresh coat of paint. Individual apartment units will be updated with a new kitchen appliance package, countertops, cabinets, fixtures, paint and electrical updates. Lastly, common or site area renovations will consist of concrete path repairs, asphalt replacement and ADA updates. The rehabilitation is expected to begin in August 2019 and will be completed in March 2020.

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Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%

12% (5 units) restricted to 50% or less of area median income households.
88% (36 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.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	$	8,915,363	
Estimated Hard Costs per Unit:	$	42,912	($1,802,295 /42 units including mgr. unit)
Estimated per Unit Cost:	$	212,271	($8,915,363 /42 units including mgr. unit)
Allocation per Unit:	$	107,143	($4,500,000 /42 units including mgr. unit)
Allocation per Restricted Rental Unit:	$	109,756	($4,500,000 /41 restricted unit)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	$ 4,000,000	$ 4,000,000
Tranche B Financing	$ 500,000	$ 0
Taxable Bond Proceeds	$ 1,025,000	$ 0
LIH Tax Credit Equity	$ 440,000	$ 2,521,602
Deferred Developer Fee	$ 0	$ 93,832
Deferred Costs	$ 900,434	$ 0
Seller Carryback Loan	$ 425,000	$ 425,000
HCD Loan	$ 1,379,929	$ 1,379,929
NCHDC Loan	$ 195,000	$ 195,000
Existing Reserves	$ 50,000	$ 50,000
NOI During Rehab	$ 0	$ 250,000
Total Sources	$ 8,915,363	$ 8,915,363

Uses of Funds:	
Land Cost/Acquisition	$ 4,100,000
Rehabilitation	$ 1,979,376
Relocation	$ 37,800
Contractor Overhead & Profit	$ 108,360
Architectural Fees	$ 109,387
Survey and Engineering	$ 15,000
Construction Interest and Fees	$ 763,598
Permanent Financing	$ 76,000
Legal Fees	$ 105,000
Reserves	$ 290,000
Appraisal	$ 10,000
Hard Cost Contingency	$ 208,774
Other Project Costs (Soft Costs, Marketing, etc.)	$ 114,502
Developer Costs	$ 997,566
Total Uses	$ 8,915,363

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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:

53.1 out of 140 **[**See Attachment A**]**

Recommendation:

Staff recommends that the Committee approves $4,500,000 in tax-exempt bond allocation.

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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	26.1
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	10
Large Family Units	5	5	5
Leveraging	10	10	10
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	2
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**	**53.1**