

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
July 17, 2019
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Isaac Clark III

Applicant: California Housing Finance Agency

Allocation Amount Requested:
Tax-exempt: \$44,000,000

Project Information:
Name: Longshore Cove Apartments
Project Address: 201 Maine Street
Project City, County, Zip Code: Vallejo, Solano, 94590

Project Sponsor Information:
Name: Longshore Cove, LP (Solano Vallejo Housing, LLC)
Principals: Don Harris, Viola Robertson, Robert Jones, Zachary Wright and Clarence Sanders for Solano Vallejo Housing, LLC
Property Management Company: John Stewart Company

Project Financing Information:
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Private Placement Purchaser: Not Applicable
Cash Flow Permanent Bond: Not Applicable
Public Sale: Credit Enhanced
Underwriter: Red Capital Group
Credit Enhancement Provider: Red Mortgage Capital/Fannie Mae
Rating: AAA
TEFRA Noticing Date: May 31, 2019
TEFRA Adoption Date: June 14, 2019

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 236
Manager's Units: 2 Unrestricted
Type: Acquisition and Rehabilitation
Population Served: Family

Marina Vista Apartments is an existing project located in Vallejo on a 9.7-acre site. The project consists of 234 restricted rental units and 2 unrestricted manager units. The project has 40 one-bedroom units, 128 two-bedroom units and 68 three-bedroom units. The renovations will include building (exterior/interior) upgrades. Building exterior renovations will consist of stucco repairs, roof replacement, window replacements and a fresh coat of paint. Interior renovations will include laundry room, and community room upgrades. Individual apartment units will be updated with LED lighting fixtures throughout the units, garbage disposals, countertops, cabinets, fixtures, paint and electrical updates. The rehabilitation is expected to begin in November 2019 and be completed in March 2021.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%

36% (84 units) restricted to 50% or less of area median income households.

64% (150 units) restricted to 60% or less of area median income households.

Unit Mix: 1, 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:	\$ 94,453,649	
Estimated Hard Costs per Unit:	\$ 71,843	(\$16,954,953 /236 units including mgr. units)
Estimated per Unit Cost:	\$ 400,227	(\$94,453,649 /236 units including mgr. units)
Allocation per Unit:	\$ 186,441	(\$44,000,000 /236 units including mgr. units)
Allocation per Restricted Rental Unit:	\$ 188,034	(\$44,000,000 /234 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 34,250,538	\$ 34,250,538
Cash Flow Permanent Bonds	\$ 0	\$ 0
Tranche B Financing	\$ 9,749,462	\$ 0
Taxable Bond Proceeds	\$ 0	\$ 0
LIH Tax Credit Equity	\$ 12,876,602	\$ 28,614,670
Developer Equity	\$ 0	\$ 0
Deferred Developer Fee	\$ 0	\$ 6,936,165
Deferred Costs	\$ 13,842,230	\$ 0
Seller Carryback Loan	\$ 22,119,848	\$ 21,234,310
Itemized Public Funds Sources	\$ 0	\$ 0
Operating Income	\$ 444,969	\$ 726,609
Seller Replacement Reserves	\$ 1,170,000	\$ 1,170,000
GP Equity STW	\$ 0	\$ 1,521,357
Misc	\$ 0	\$ 0
Total Sources	\$ 94,453,649	\$ 94,453,649
 Uses of Funds:		
Land Cost/Acquisition	\$ 46,000,000	
Rehabilitation	\$ 18,247,665	
Relocation	\$ 5,345,000	
New Construction	\$ 0	
Contractor Overhead & Profit	\$ 1,171,654	
Architectural Fees	\$ 600,000	
Survey and Engineering	\$ 0	
Construction Interest and Fees	\$ 5,907,808	
Permanent Financing	\$ 579,900	
Legal Fees	\$ 300,000	
Reserves	\$ 1,954,137	
Appraisal	\$ 10,000	
Hard Cost Contingency	\$ 2,790,620	
Local Development Impact Fees	\$ 0	
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 770,699	
Developer Costs	\$ 10,776,166	
Total Uses	\$ 94,453,649	

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:

90 out of 140 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$44,000,000 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	35
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	0
Large Family Units	5	5	5.00
Leveraging	10	10	0.00
Community Revitalization Area	5	5	0.00
Site Amenities	10	10	10.00
Service Amenities	10	10	0.00
New Construction or Substantial Renovation	10	10	10.00
Sustainable Building Methods	10	10	10.00
Forgone Eligible Developer Fee (Competitive Allocation Process Only)	10	10	0.00
Minimum Term of Restrictions (Competitive Allocation Process Only)	10	10	0.00
Negative Points (No Maximum)	-10	-10	0.00
Total Points	140	110	90.00