

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: Richard Fischer

Applicant: California Municipal Finance Authority

Allocation Amount Requested:
Tax-exempt: \$5,500,000

Project Information:
Name: Cottage Village Senior Apartments
Project Address: 510 North Cottage Avenue
Project City, County, Zip Code: Manteca, San Joaquin, 95336

Project Sponsor Information:
Name: DFA Cottage Village Associates LP (DFA Cottage Village LLC, Delta Community Development Corporation and RCC MGP LLC)
Principals: Daniel Fred and Christopher Flaherty for DFA Cottage Village LLC; Peter Ragsdale for Delta Community Development Corporation and Kenneth Robertson for RCC MGP LLC
Property Management Company: DKD Property Management Company

Project Financing Information:
Bond Counsel: Quint & Thimmig LLP
Private Placement Purchaser: F&M Bank
Cash Flow Permanent Bond: Not Applicable
Public Sale: Not Applicable
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Rating: Not Applicable
TEFRA Noticing Date: September 30, 2017
TEFRA Adoption Date: October 17, 2017

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 48
Manager's Units: 1 Unrestricted
Type: New Construction
Population Served: Senior Citizens

Cottage Village Senior Apartments is a new construction project located in Manteca on a 3.19 -acre site. The project consists of 47 restricted rental units, and 1 unrestricted manager unit. The project will have 40 one-bedroom units and 8 two-bedroom units. The buildings will be 2 stories garden style design and stick type of construction. Common amenities include a large community room, laundry facilities and management offices. With the relatively level site, preponderance of ground level units, a generous unit design with interior spaces and clearances for full accessibility, the project will offer 42 units that provide prospective senior and disabled senior residents with options that presently do not exist. There are 62 parking spaces provided. The construction is expected to begin April 2018 and to be completed in April 2019.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%

32% (15 units) restricted to 50% or less of area median income households.

68% (32 units) restricted to 60% or less of area median income households.

Unit Mix: 1 & 2 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:	\$ 9,833,361	
Estimated Hard Costs per Unit:	\$ 71,808	(\$3,446,799 /48 units including mgr. units)
Estimated per Unit Cost:	\$ 204,862	(\$9,833,361 /48 units including mgr. units)
Allocation per Unit:	\$ 114,583	(\$5,500,000 /48 units including mgr. units)
Allocation per Restricted Rental Unit:	\$ 117,021	(\$5,500,000 /47 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 5,500,000	\$ 2,600,000
LIH Tax Credit Equity	\$ 552,823	\$ 3,666,557
Deferred Developer Fee	\$ 488,909	\$ 507,844
Deferred Costs	\$ 268,669	\$ 0
HA County of San Joaquin Loan	\$ 2,330,000	\$ 2,330,000
HA County of SJ Rent Loan	\$ 100,000	\$ 100,000
City of Manteca Impact Fee Waiver Loan	\$ 592,960	\$ 592,960
Solar Tax Credit Equity	\$ 0	\$ 36,000
Total Sources	\$ 9,833,361	\$ 9,833,361

Uses of Funds:	
Land Cost/Acquisition	\$ 161,988
New Construction	\$ 5,003,906
Contractor Overhead & Profit	\$ 345,544
Architectural Fees	\$ 310,000
Survey and Engineering	\$ 35,000
Construction Interest and Fees	\$ 414,250
Permanent Financing	\$ 56,000
Legal Fees	\$ 308,000
Reserves	\$ 95,000
Appraisal	\$ 20,000
Hard Cost Contingency	\$ 270,572
Local Development Impact Fees	\$ 1,157,180
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 451,604
Developer Costs	\$ 1,204,317
Total Uses	\$ 9,833,361

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:

77.5 out of 140 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$5,500,000 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	0
Exceeding Minimum Income Restrictions:	35	15	35
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	10
Gross Rents	5	5	5
Large Family Units	5	5	0
Leveraging	10	10	10
Community Revitalization Area	5	5	0.00
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	77.5