

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
October 16, 2019
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Muri Bartkovsky

Applicant: California Housing Finance Agency

Allocation Amount Requested:

Tax-exempt: \$5,502,227

The amount of allocation requested is supplemental to the \$18,630,924 of allocation the Project received on December 17, 2019.

Project Information:

Name: Market Street Apartments
Project Address: 1551 Market Street
Project City, County, Zip Code: Redding, Shasta, 96001

Project Sponsor Information:

Name: Downtown Redding Investors, LP (Community Revitalization and Development Corporation and Downtown Redding Investors, LLC)
Principals: David Rutledge, Mike Dahl and Shelby Marocco for Community Revitalization Corporation; Allen Knott, Daniel Knott and Randy Knott for Downtown Redding Investors, LLC
Property Management Company: MBS Property Management, Inc.

Project Financing Information:

Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Private Placement Purchaser: Citibank, N.A.
Cash Flow Permanent Bond: Not Applicable
Public Sale: Not Applicable
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Rating: Not Applicable
TEFRA Noticing Date: August 9, 2019
TEFRA Adoption Date: September 4, 2019

Description of Proposed Project:

State Ceiling Pool: General
Total Number of Units: 82
Manager's Units: 1 Unrestricted
Type: New Construction
Population Served: Family

Market Street Apartments is a new construction project located in Redding on a 0.97-acre site. The project consists of 56 restricted rental units, 25 market rate units and 1 restricted manager unit. The project will have 2 studio units, 15 one-bedroom units, 47 two-bedroom units and 18 three-bedroom units. Common amenities include a community room, two community gardens/patios, fitness room, onsite storage and a community laundry room. Each unit will have energy efficient refrigerators, dishwashers, stove, garbage disposals and microwaves, LED lighting, water-efficient bathroom fixtures and high efficiency ducted mini-split HVAC units. 115 parking spaces will be provided. The construction began in June 2018 and is expected to be completed in March 2020.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 69.5%
67.1% (55 units) restricted to 50% or less of area median income households.
1.2% (1 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:	\$	31,112,774	
Estimated Hard Costs per Unit:	\$	295,149	(\$24,202,227 /82 units including mgr. unit)
Estimated per Unit Cost:	\$	379,424	(\$31,112,774 /82 units including mgr. unit)
Allocation per Unit:	\$	67,100	(\$5,502,227 /82 units including mgr. unit)
Allocation per Restricted Rental Unit:	\$	96,530	(\$5,502,227 /57 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 24,133,151	\$ 0
Taxable Proceeds	\$ 0	\$ 5,218,057
LIH Tax Credit Equity	\$ 381,850	\$ 7,571,766
Deferred Developer Fee	\$ 2,000,000	\$ 1,229,579
City of Redding Soft Loan	\$ 4,800,000	\$ 4,800,000
City of Redding AHSC Loan	\$ 5,300,000	\$ 5,300,000
HCD - AHSC Loan	\$ 0	\$ 5,873,372
CalHFA Gap Loan	\$ 0	\$ 1,120,000
Total Sources	\$ 36,615,001	\$ 31,112,774

Uses of Funds:	
Land Cost/Acquisition	\$ 2,000,000
New Construction	\$ 20,143,600
Contractor Overhead & Profit	\$ 1,496,000
Architectural Fees	\$ 700,000
Survey and Engineering	\$ 200,000
Construction Interest and Fees	\$ 891,000
Permanent Financing	\$ 138,534
Legal Fees	\$ 275,000
Reserves	\$ 151,142
Appraisal	\$ 20,000
Hard Cost Contingency	\$ 2,163,960
Local Development Impact Fees	\$ 538,203
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 395,335
Developer Costs	\$ 2,000,000
Total Uses	\$ 31,112,774

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:

0 out of 140 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$5,502,227 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	0
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	0
Gross Rents	5	5	0
Large Family Units	5	5	0
Leveraging	10	10	0
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	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	0