

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: Isaac Clark III

Applicant:	Housing Authority of the County of Santa Barbara
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Allocation Amount Requested:	
Tax-exempt:	\$11,000,000

Project Information:	
Name:	Parkside Garden Apartments
Project Address:	240 West Pine Street
Project City, County, Zip Code:	Lompoc, Santa Barbara, 93436

Project Sponsor Information:	
Name:	Parkside Garden Apartments, LP (Housing Authority of the County of Santa Barbara, Surf Development Company)
Principals:	Robert P. Havlicek, Jr and Raymond F. Down for Parkside Garden Apartments, LP
Property Management Company:	Housing Authority of the County of Santa Barbara

Project Financing Information:	
Bond Counsel:	Orrick, Herrington & Sutcliffe LLP
Private Placement Purchaser:	Rabobank
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 27, 2019
TEFRA Adoption Date:	January 0, 1900

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

Parkside Garden Apartments is an existing project located in Lompoc on a 1.78-acre site. The project consists of 42 restricted rental units, 5 market rate units and 1 unrestricted manager unit. The project has 38 one-bedroom units, 9 two-bedroom units and 0 three-bedroom units. Parkside Garden Apartments was originally built in 1987 and is in average overall condition. The buildings construction is wood framed on slab and the existing exterior finish is stucco. There have been no major renovations on this property. Site amenities include a community room, courtyard, elevator, central laundry facility, on-site management and community Wi-Fi. In addition, the property is located within one-mile of a pharmacy, grocery store and public transit. All units in the development will be adaptable for both ADA mobility requirements as well as hearing and visual. There will be 5 ADA accessible units. In addition, there will be 3 hearing and visual units. The project includes high-efficiency gas water heaters, dual pane windows, energy star appliances and LED fixtures. The project currently has solar panels that offset the projects energy load as a whole. The rehabilitation is expected to begin in January 2020 and be completed in January 2021.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 89%

38% (18 units) restricted to 50% or less of area median income households.

51% (24 units) restricted to 60% or less of area median income households.

Unit Mix: 1 & 2 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:	\$ 18,913,943	
Estimated Hard Costs per Unit:	\$ 94,792	(\$4,550,000 /48 units including mgr. unit)
Estimated per Unit Cost:	\$ 394,040	(\$18,913,943 /48 units including mgr. unit)
Allocation per Unit:	\$ 229,167	(\$11,000,000 /48 units including mgr. unit)
Allocation per Restricted Rental Unit:	\$ 261,905	(\$11,000,000 /42 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 7,896,432	\$ 4,540,000
Cash Flow Permanent Bonds	\$ 0	\$ 0
Tranche B Financing	\$ 3,103,568	\$ 3,103,568
HACSB Carryback Note B-Taxable	\$ 4,494,981	\$ 4,494,981
LIH Tax Credit Equity	\$ 1,231,431	\$ 6,157,155
Developer Equity	\$ 0	\$ 0
Deferred Developer Fee	\$ 1,634,012	\$ 64,720
Deferred Costs	\$ 0	\$ 0
Seller Carryback Loan	\$ 0	\$ 0
Accrued Interest on Soft Loan	\$ 253,285	\$ 253,285
Net Income From Operations	\$ 76,685	\$ 76,685
Existing Reserves	\$ 223,549	\$ 223,549
Misc	\$ 0	\$ 0
Misc	\$ 0	\$ 0
Total Sources	\$ 18,913,943	\$ 18,913,943
Uses of Funds:		
Land Cost/Acquisition	\$ 9,051,834	
Rehabilitation	\$ 5,162,000	
Relocation	\$ 325,000	
New Construction	\$ 0	
Contractor Overhead & Profit	\$ 0	
Architectural Fees	\$ 50,000	
Survey and Engineering	\$ 50,000	
Construction Interest and Fees	\$ 585,000	
Permanent Financing	\$ 55,400	
Legal Fees	\$ 110,000	
Reserves	\$ 541,765	
Appraisal	\$ 10,000	
Hard Cost Contingency	\$ 366,590	
Local Development Impact Fees	\$ 0	
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 443,223	
Developer Costs	\$ 2,163,131	
Total Uses	\$ 18,913,943	

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:

78 out of 140 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$11,000,000 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	0.00
Leveraging	10	10	10.00
Community Revitalization Area	5	5	0.00
Site Amenities	10	10	2.50
Service Amenities	10	10	0.00
New Construction or Substantial Renovation	10	10	10.00
Sustainable Building Methods	10	10	0.00
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	77.50