

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:	California Municipal Finance Authority
Allocation Amount Requested:	
Tax-exempt:	\$12,395,509
Project Information:	
Name:	Old Elm Village
Project Address:	359 West Payran Street
Project City, County, Zip Code:	Petaluma, Sonoma, 94952
Project Sponsor Information:	
Name:	Old Elm Partners II, LLC (Old Elm Partners II, LLC / Burbank Housing Communities Corporation)
Principals:	Lawrance Florin, Jeff Moline, Elizabeth Lehrer, Bart Van Voorhis, Jon M. Stark, and Kim August for Burbank Housing Development Corporation
Property Management Company:	Burbank Housing Management Corp
Project Financing Information:	
Bond Counsel:	Jones Hall, A Professional Law Corporation
Private Placement Purchaser:	Wells Fargo Bank, 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:	July 15, 2019
TEFRA Adoption Date:	January 0, 1900
Description of Proposed Project:	
State Ceiling Pool:	General
Total Number of Units:	87
Manager's Units:	1 Unrestricted
Type:	Acquisition and Rehabilitation
Population Served:	Family

Old Elm Village is an existing project located in Petaluma on a 4.57-acre site. The project consists of 71 restricted rental units, 15 market rate units and 1 unrestricted manager unit. The project has 9 SRO/Studio units, 22 one-bedroom units, 12 two-bedroom units, 38 three-bedroom units, and 6 four-bedroom units. The renovations will include building (exterior/interior) upgrades. Building exterior renovations will consist of reinforced foundations along with reinforced concrete slab for the ground floor. Interior renovations will include laundry facilities, indoor recreational area and other common areas. The rehabilitation is expected to begin in December 2019 and be completed in December 2020.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project:	83%
<u>77%</u> (66 units) restricted to 50% or less of area median income households.	
<u>6%</u> (5 units) restricted to 60% or less of area median income households.	
Unit Mix:	1, 2, 3 & 4 bedrooms

The proposed project will be receiving service amenity points.

Term of Restrictions:

Income and Rent Restrictions:	55 years
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Details of Project Financing:

Estimated Total Development Cost:	\$	20,678,277	
Estimated Hard Costs per Unit:	\$	63,224	(\$5,500,516 /87 units including mgr. unit)
Estimated per Unit Cost:	\$	237,681	(\$20,678,277 /87 units including mgr. unit)
Allocation per Unit:	\$	142,477	(\$12,395,509 /87 units including mgr. unit)
Allocation per Restricted Rental Unit:	\$	174,585	(\$12,395,509 /71 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 12,395,509	\$ 5,946,000
Cash Flow Permanent Bonds	\$ 0	\$ 0
Tranche B Financing	\$ 0	\$ 0
Taxable Bond Proceeds	\$ 0	\$ 0
LIH Tax Credit Equity	\$ 0	\$ 6,815,864
Existing City of Petaluma Loan	\$ 2,670,975	\$ 2,670,975
Existing Petaluma HOME Loan	\$ 2,305,599	\$ 2,305,599
Existing HCD Families Moving to Work	\$ 420,406	\$ 420,406
Seller Carryback Loan	\$ 668,439	\$ 668,439
New City of Petaluma Loan	\$ 0	\$ 1,120,000
Accrued Deferred Interest	\$ 259,057	\$ 259,057
Withdrawal of Existing Reserves	\$ 180,000	\$ 180,000
General Partner Capital	\$ 100	\$ 100
Limited Partner Capital	\$ 544,336	\$ 291,837
Total Sources	\$ 19,444,421	\$ 20,678,277
Uses of Funds:		
Land Cost/Acquisition	\$ 7,670,000	
Rehabilitation	\$ 6,514,686	
Relocation	\$ 629,000	
New Construction	\$ 0	
Contractor Overhead & Profit	\$ 0	
Architectural Fees	\$ 189,800	
Survey and Engineering	\$ 30,000	
Construction Interest and Fees	\$ 1,154,654	
Permanent Financing	\$ 89,595	
Legal Fees	\$ 80,000	
Reserves	\$ 423,056	
Appraisal	\$ 10,000	
Hard Cost Contingency	\$ 1,284,476	
Local Development Impact Fees	\$ 0	
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 198,677	
Developer Costs	\$ 2,404,333	
Total Uses	\$ 20,678,277	

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 \$12,395,509 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]	10.00
Large Family Units	5	5	5.00
Leveraging	10	10	10.00
Community Revitalization Area	5	5	0.00
Site Amenities	10	10	10.00
Service Amenities	10	10	10.00
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	120	90.00