

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
December 11, 2019
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Sarah Lester

Applicant:	California Statewide Communities Development Authority
-------------------	---

Allocation Amount Requested:	Tax-exempt: \$85,000,000
-------------------------------------	---------------------------------

Project Information:	Name: Hilltop Commons Apartments
	Project Address: 15690 Crestwood Drive
	Project City, County, Zip Code: San Pablo, Contra Costa, 94806

Project Sponsor Information:	Name: Fairfield Hilltop LP (FRH Hilltop LLC and RCC MGP LLC)
	Principals: Greg Pinkalla for FRH Hilltop, LLC; and Ken Robertson and Recinda Kay Shafer for RCC MGP LLC
	Property Management Company: FF Properties, L.P.

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: October 7, 2019
	TEFRA Adoption Date: October 22, 2019

Description of Proposed Project:	State Ceiling Pool: General
	Total Number of Units: 324
	Manager's Units: 3 Unrestricted
	Type: Acquisition and Rehabilitation
	Population Served: Family

Hilltop Commons Apartments is an existing project located in San Pablo on a 14.87-acre site. The project consists of 169 restricted rental units, 152 market rate units and 3 unrestricted managers' units. The project has 204 one-bedroom units and 120 two-bedroom units. The renovations will include building exterior and interior upgrades. Renovations will consist of roof replacement, re-piping, re-siding and window replacements. Areas of concentration will be unit updates, common areas and other mechanical facilities. The rehabilitation is expected to begin in March 2020 and to be completed in December 2021.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 53%
10% (32 units) restricted to 50% or less of area median income households.
53% (169 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: \$ 149,513,592
Estimated Hard Costs per Unit: \$ 89,200 (\$28,900,913 /324 units including mgr. units)
Estimated per Unit Cost: \$ 461,462 (\$149,513,592 /324 units including mgr. units)
Allocation per Unit: \$ 262,346 (\$85,000,000 /324 units including mgr. units)
Allocation per Restricted Rental Unit: \$ 502,959 (\$85,000,000 /169 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 85,000,000	\$ 70,000,000
Taxable Bond Proceeds	\$ 15,000,000	\$ 0
LIH Tax Credit Equity	\$ 15,661,888	\$ 44,087,057
Developer Equity	\$ 16,099,204	\$ 17,674,035
Deferred Developer Fee	\$ 17,752,500	\$ 17,752,500
Total Sources	\$ 149,513,592	\$ 149,513,592

Uses of Funds:	
Land Cost/Acquisition	\$ 90,100,000
Rehabilitation	\$ 29,317,913
Relocation	\$ 750,000
Contractor Overhead & Profit	\$ 2,835,143
Architectural Fees	\$ 5,000
Construction Interest and Fees	\$ 3,152,206
Permanent Financing	\$ 1,156,524
Legal Fees	\$ 815,500
Reserves	\$ 1,285,774
Appraisal	\$ 10,000
Hard Cost Contingency	\$ 1,463,528
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 869,504
Developer Costs	\$ 17,752,500
Total Uses	\$ 149,513,592

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:

52.5 out of 140 [See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$85,000,000 in tax-exempt bond allocation on a carryforward basis.

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	18
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	0
Large Family Units	5	5	0
Leveraging	10	10	0
Community Revitalization Area	5	5	0
Site Amenities	10	10	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	110	53