

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: Chee Thao Yang

Applicant: California Municipal Finance Authority

Allocation Amount Requested: Tax-exempt: \$55,000,000

Project Information: Name: Quail Run Apartments
Project Address: 1018 Bellevue Avenue
Project City, County, Zip Code: Santa Rosa, Sonoma, 95407

Project Sponsor Information: Name: Santa Rosa Quail Run, L.P. (Santa Rosa Quail Run LLC)
Principals: Linda Mandolini, Tatiana Blank, Andre H. Madeira
Property Management Company: Eden Housing Management, Inc.

Project Financing Information: Bond Counsel: Jones Hall, A Professional Law Corporation
Private Placement Purchaser: MUFJ Union 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: August 26, 2019
TEFRA Adoption Date: September 10, 2019

Description of Proposed Project: State Ceiling Pool: General
Total Number of Units: 200
Manager's Units: 2 Unrestricted
Type: Acquisition and Rehabilitation
Population Served: Family

Quail Run Apartments is an existing project located in Santa Rosa on a 10.01-acre site. The project consists of 198 restricted rental units and 2 unrestricted managers' units. The project has 48 one-bedroom units, 64 two-bedroom units, 76 three-bedroom units and 12 four-bedroom units. The renovations will include building exterior and interior upgrades. Building exterior renovations will consist of roof replacement, partial siding replacement and addressing any water intrusion. Interior renovations will include mobility improvements and community building upgrades. Individual apartment units will be updated with a new appliance package, upgrades to cabinets, counters, sinks and bathroom fixtures. Lastly, common or site area renovations will consist of ADA updates and updates to the play area structure and surface. The rehabilitation is expected to begin in March 2020 and be completed in September 2021.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
10% (20 units) restricted to 50% or less of area median income households.
90% (178 units) restricted to 60% or less of area median income households.
Unit Mix: 1, 2, 3 & 4 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: \$ 93,709,361
Estimated Hard Costs per Unit: \$ 75,375 (\$15,074,945 /200 units including mgr. units)
Estimated per Unit Cost: \$ 468,547 (\$93,709,361 /200 units including mgr. units)
Allocation per Unit: \$ 275,000 (\$55,000,000 /200 units including mgr. units)
Allocation per Restricted Rental Unit: \$ 277,778 (\$55,000,000 /198 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 55,000,000	\$ 23,182,000
Tranche B Financing	\$ 0	\$ 1,868,000
LIH Tax Credit Equity	\$ 3,249,237	\$ 33,800,516
Deferred Developer Fee	\$ 8,111,004	\$ 8,111,004
Accrued Deferred Interest	\$ 887,178	\$ 887,178
Seller Carryback Loan	\$ 23,242,458	\$ 23,242,458
Net Income From Operations	\$ 0	\$ 1,584,744
Housing Authority of Santa Rosa Loan	\$ 415,616	\$ 415,616
Existing Project Reserves	\$ 617,845	\$ 617,845
Total Sources	<u>\$ 91,523,338</u>	<u>\$ 93,709,361</u>

Uses of Funds:	
Land Cost/Acquisition	\$ 54,192,400
Rehabilitation	\$ 16,507,064
Relocation	\$ 240,000
Contractor Overhead & Profit	\$ 904,498
Architectural Fees	\$ 1,022,116
Survey and Engineering	\$ 401,246
Construction Interest and Fees	\$ 3,546,981
Permanent Financing	\$ 15,000
Legal Fees	\$ 101,900
Reserves	\$ 873,527
Appraisal	\$ 7,500
Hard Cost Contingency	\$ 2,634,347
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 1,671,778
Developer Costs	\$ 11,591,004
Total Uses	<u>\$ 93,709,361</u>

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:

47.6 out of 140 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$55,000,000 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	0
Exceeding Minimum Income Restrictions:	35	15	25.1
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	0
Large Family Units	5	5	5
Leveraging	10	10	0
Community Revitalization Area	5	5	0
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	47.6