

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 Municipal Finance Authority

Allocation Amount Requested:
Tax-exempt: \$4,300,000

Project Information:
Name: Cinnamon Villas II
Project Address: SE Corner Cinnamon Drive & Follett St.
Project City, County, Zip Code: Lemoore, Kings, 93245

Project Sponsor Information:
Name: Lemoore Pacific Associates III, LP (TPC Holdings VII, LLC and Kaweah Management Company)
Principals: Caleb Roope for TPC Holdings VII, LLC; Herb Hawkins, Ken Kugler, Vern Bitney, Lonnie De Asis and Judy Silicato for Kaweah Management Company
Property Management Company: Buckingham Property Management

Project Financing Information:
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Private Placement Purchaser: California Bank & Trust
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 4, 2019
TEFRA Adoption Date: October 15, 2019

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 28
Manager's Units: 1 Unrestricted
Type: New Construction
Population Served: Senior Citizens

Cinnamon Villas II Apartments is a new construction project located in Lemoore on a 1.88-acre site. The project consists of 27 restricted rental units and 1 unrestricted manager unit. The project will have 24 one-bedroom units and 4 two-bedroom units. There will be four (4) single story buildings. Common amenities include a management office, a maintenance room, a computer learning center, an exercise room and a community room with a communal kitchen. Each unit will have a refrigerator, range/oven, dishwasher, garbage disposal, patio with storage space, washer/dryer hook-ups and exhaust fans. The construction is expected to begin in April 2020 and be completed in April 2021.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
22% (6 units) restricted to 50% or less of area median income households.
78% (21 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:	\$	6,420,721	
Estimated Hard Costs per Unit:	\$	111,426	(\$3,119,928 /28 units including mgr. unit)
Estimated per Unit Cost:	\$	229,311	(\$6,420,721 /28 units including mgr. unit)
Allocation per Unit:	\$	153,571	(\$4,300,000 /28 units including mgr. unit)
Allocation per Restricted Rental Unit:	\$	159,259	(\$4,300,000 /27 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 4,300,000	\$ 1,000,000
LIH Tax Credit Equity	\$ 372,765	\$ 1,762,470
Deferred Developer Fee	\$ 757,279	\$ 250,000
Deferred Costs	\$ 59,426	\$ 0
Seller Carryback Loan (Land Loan)	\$ 377,000	\$ 377,000
HCD HOME Loan	\$ 324,051	\$ 2,301,051
City of Lemoore Loan (Fee Deferral Loan)	\$ 230,200	\$ 230,200
HA of Tulare County (Capital Funds Loan)	\$ 0	\$ 500,000
Total Sources	\$ 6,420,721	\$ 6,420,721

Uses of Funds:	
Land Cost/Acquisition	\$ 382,000
New Construction	\$ 3,335,124
Contractor Overhead & Profit	\$ 249,595
Architectural Fees	\$ 250,000
Survey and Engineering	\$ 145,000
Construction Interest and Fees	\$ 302,000
Permanent Financing	\$ 105,000
Legal Fees	\$ 50,000
Reserves	\$ 59,426
Appraisal	\$ 10,000
Hard Cost Contingency	\$ 178,000
Local Development Impact Fees	\$ 333,807
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 263,490
Developer Costs	\$ 757,279
Total Uses	\$ 6,420,721

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:

63.6 out of 140 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$4,300,000 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	0
Exceeding Minimum Income Restrictions:	35	15	31
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	2.5
Large Family Units	5	5	0
Leveraging	10	10	10
Community Revitalization Area	5	5	0
Site Amenities	10	10	10
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	63.6