

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: Isaac Clark III

Applicant: California Statewide Communities Development Authority

Allocation Amount Requested:

Tax-exempt: \$35,000,000

Project Information:

Name: Agave at Elk Grove
Project Address: 10070 Willard Parkway
Project City, County, Zip Code: Elk Grove, Sacramento, 95757

Project Sponsor Information:

Name: Agave by Vintage, LP (Agave by Vintage Partners, LLC /
Hearthstone CA Properties II, LLC)
Principals: Michael K. Gancar, Managing Member for Agave by Vintage
Partners, LLC / Socorro Vasquez, President for Hearthstone
CA Properties II, LLC
Property Management Company: FPI Management

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 16, 2019
TEFRA Adoption Date: October 23, 2019

Description of Proposed Project:

State Ceiling Pool: General
Total Number of Units: 188
Manager's Units: 2 Unrestricted
Type: Acquisition and Rehabilitation
Population Served: Family

The Agave at Elk Grove project is located in Elk Grove on a 8.97-acre sites. The entire project consists of 186 restricted rental units, 0 market rate units and 2 unrestricted manager units. The entire project has 94 two-bedroom units, 80 three-bedroom units, 12 four-bedroom units, and 2 two-bedroom units as the manager units. Building exterior renovations will consist of carports, garages, courtyard, community rooms, leasing and management offices, swimming pool and basketball court. Interior renovations will include new energy star appliances, private patio or balcony, exterior storage, ceiling fans and in-unit washer and dryer hook ups. The rehabilitation is expected to begin in January 2020 and be completed in June 2021.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
20% (38 units) restricted to 50% or less of area median income households.
80% (148 units) restricted to 60% or less of area median income households.
Unit Mix: 2, 3 & 4 bedrooms

The proposed project will be receiving service amenity points.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost: \$ 46,857,692
Estimated Hard Costs per Unit: \$ 34,830 (\$6,547,989 /188 units including mgr. units)
Estimated per Unit Cost: \$ 249,243 (\$46,857,692 /188 units including mgr. units)
Allocation per Unit: \$ 186,170 (\$35,000,000 /188 units including mgr. units)
Allocation per Restricted Rental Unit: \$ 188,172 (\$35,000,000 /186 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 35,000,000	\$ 25,050,000
Cash Flow Permanent Bonds	\$ 0	\$ 0
Tranche B Financing	\$ 0	\$ 0
Taxable Bond Proceeds	\$ 0	\$ 0
LIH Tax Credit Equity	\$ 0	\$ 13,410,542
Income from Operatons	\$ 0	\$ 0
Deferred Developer Fee	\$ 5,411,279	\$ 4,294,574
Costs Deferred Until Conversion	\$ 0	\$ 0
Seller Carryback Loan	\$ 2,343,837	\$ 1,250,000
Income During Construction	\$ 2,852,576	\$ 2,852,576
Accrued Deferred Interest-Seller Carryback	\$ 0	\$ 0
Investor Equity	\$ 1,250,000	\$ 0
Capital Contribution (GP)	\$ 0	\$ 0
Capital Contribution (LP)	\$ 0	\$ 0
Total Sources	\$ 46,857,692	\$ 46,857,692

Uses of Funds:	
Land Cost/Acquisition	\$ 29,200,000
Rehabilitation	\$ 7,530,187
Relocation	\$ 32,500
New Construction	\$ 0
Contractor Overhead & Profit	\$ 0
Architectural Fees	\$ 150,000
Survey and Engineering	\$ 50,000
Construction Interest and Fees	\$ 2,545,900
Permanent Financing	\$ 154,750
Legal Fees	\$ 129,500
Reserves	\$ 548,720
Appraisal	\$ 18,000
Hard Cost Contingency	\$ 501,509
Local Development Impact Fees	\$ 0
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 585,347
Developer Costs	\$ 5,411,279
Total Uses	\$ 46,857,692

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:

52.72 out of 140 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$35,000,000 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	30
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	0.00
Large Family Units	5	5	0.00
Leveraging	10	10	0.00
Community Revitalization Area	5	5	0.00
Site Amenities	10	10	2.50
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	52.72