

**THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**  
**February 18, 2020**  
**Staff Report**  
**REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A**  
**QUALIFIED RESIDENTIAL RENTAL PROJECT**

*Prepared by: Chee Thao Yang*

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<b>Applicant:</b>	<b>California Municipal Finance Authority</b>
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<b>Allocation Amount Requested:</b>	<b>Tax-exempt:</b> \$16,455,142
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<b>Project Information:</b>	<b>Name:</b> River City Senior Apartments
	<b>Project Address:</b> 951 Petaluma Blvd. South
	<b>Project City, County, Zip Code:</b> Petaluma, Sonoma, 94952

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<b>Project Sponsor Information:</b>	<b>Name:</b> River City Senior Apartments, LP (Petaluma Ecumerical Properties)
	<b>Principals:</b> Mary Stomp
	<b>Property Management Company:</b> Petaluma Ecumerical Properties dba PEP Housing

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<b>Project Financing Information:</b>	<b>Bond Counsel:</b> Jones Hall, A Professional Law Corporation
	<b>Private Placement Purchaser:</b> Wells Fargo Bank, N.A.
	<b>Cash Flow Permanent Bond:</b> Not Applicable
	<b>Public Sale:</b> Not Applicable
	<b>Underwriter:</b> Not Applicable
	<b>Credit Enhancement Provider:</b> Not Applicable
	<b>Rating:</b> Not Applicable
	<b>TEFRA Noticing Date:</b> November 21, 2019
	<b>TEFRA Adoption Date:</b> December 2, 2019

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<b>Description of Proposed Project:</b>	<b>State Ceiling Pool:</b> General
	<b>Total Number of Units:</b> 54
	<b>Manager's Units:</b> 1 Unrestricted
	<b>Type:</b> New Construction
	<b>Population Served:</b> Senior Citizens

River City Senior Apartments is a new construction project located in Petaluma on a 1.31-acre site. The project consists of 53 restricted rental units and 1 unrestricted manager unit. The project will have 53 one-bedroom units and 1 two-bedroom unit. The buildings will be two- and three-stories. Common amenities include a community room, a kitchen, a group room, a wellness center, a computer room, offices, storage, a community garden, picnic area and a dog run. Each unit will have blinds, carpet, ceiling fan, storage closet, coat closet, patio/balcony, refrigerator, stove/oven, disposal and microwave. There will be 41 parking spaces provided. The project will be pursuing GreenPoint Rated Program. The construction is expected to begin in July 2020 and be completed in January 2022.

**Description of Public Benefits:**

**Percent of Restricted Rental Units in the Project:** 100%  
100% (53 units) restricted to 50% or less of area median income households.  
**Unit Mix:** 1 & 2 bedrooms

The proposed project will be receiving service amenity points.

**Term of Restrictions:**

**Income and Rent Restrictions:** 55 years

**Details of Project Financing:**

<b>Estimated Total Development Cost:</b>	\$ 28,754,910	
<b>Estimated Hard Costs per Unit:</b>	\$ 306,253	(\$16,537,685 /54 units including mgr. unit)
<b>Estimated per Unit Cost:</b>	\$ 532,498	(\$28,754,910 /54 units including mgr. unit)
<b>Allocation per Unit:</b>	\$ 304,725	(\$16,455,142 /54 units including mgr. unit)
<b>Allocation per Restricted Rental Unit:</b>	\$ 310,474	(\$16,455,142 /53 restricted units)

<b>Sources of Funds:</b>	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 16,455,142	\$ 4,683,000
Taxable Bond Proceeds	\$ 3,477,173	\$ 0
LIH Tax Credit Equity	\$ 0	\$ 17,071,738
County of Sonoma Housing Fund	\$ 0	\$ 600,000
Deferred Developer Fee	\$ 2,267,072	\$ 2,267,072
Deferred Costs	\$ 373,315	\$ 0
City of Petaluma	\$ 1,500,000	\$ 1,500,000
City of Petaluma (Land Loan)	\$ 1,300,000	\$ 1,300,000
PEP Sponsor Loan (City of Petaluma)	\$ 108,000	\$ 108,000
PEP Sponsor Loan (Home Depot)	\$ 250,000	\$ 250,000
GP Contributions	\$ 100	\$ 100
LP Contributions	\$ 3,024,108	\$ 0
County HEAP Loan	\$ 0	\$ 975,000
Total Sources	\$ 28,754,910	\$ 28,754,910

<b>Uses of Funds:</b>	
Land Cost/Acquisition	\$ 1,794,625
New Construction	\$ 17,843,772
Contractor Overhead & Profit	\$ 726,969
Architectural Fees	\$ 675,000
Survey and Engineering	\$ 482,000
Construction Interest and Fees	\$ 1,670,554
Permanent Financing	\$ 104,330
Legal Fees	\$ 75,500
Reserves	\$ 165,183
Appraisal	\$ 10,500
Hard Cost Contingency	\$ 948,268
Local Development Impact Fees	\$ 610,532
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 512,113
Developer Costs	\$ 3,135,564
Total Uses	\$ 28,754,910

**Analyst Comments:**

This project is considered a high cost per unit project. The Project Sponsor cites that due to the wildfires in 2017 and recently in 2019, it has pushed the costs of materials and labor higher. Lumber and concrete prices have skyrocketed, which makes up a significant portion of the material costs. There is also a lack of laborers due to the rebuilding of several thousand homes and commercial properties that are in the process of being rebuilt. The North Bay is extremely short in all facets of the construction labor market which is driving up the pay scale throughout; especially, skilled laborers.

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**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.

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**Total Points:**

120 out of 145 [See Attachment A]

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**Recommendation:**

Staff recommends that the Committee approves \$16,455,142 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
Large Family Units	5	5	0
Gross Rents	5	5	5
Leveraging	10	10	10
Community Revitalization Area	5	5	0
Site Amenities	10	10	10
Service Amenities	10	10	10
New Construction or Substantial Renovation	10	10	10
Sustainable Building Methods	10	10	10
Forgone Eligible Developer Fee (Competitive Allocation Process Only)	10	10	10
Minimum Term of Restrictions (Competitive Allocation Process Only)	10	10	10
Negative Points (No Maximum)	-10	-10	0
<b>Total Points</b>	<b>145</b>	<b>125</b>	<b>120</b>