

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: Isaac Clark III

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**Applicant:** California Municipal Finance Authority

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**Allocation Amount Requested:**

**Tax-exempt:** \$10,000,000

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**Project Information:**

**Name:** Willowglen Apartments  
**Project Address:** Bodway Parkway and Valley House Drive  
**Project City, County, Zip Code:** Rohnert Park, Sonoma, 94928

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**Project Sponsor Information:**

**Name:** Willowglen Burbank Apartments, LP (Burbank Housing Development Corporation, GP / Penn Grove Mountain, LLC)

**Principals:** Larry Florin, CEO / Rich Wallach, Director of Housing Development / Jeff Moline, CFO for Burbank Housing Development Corp. / Ben VanZutphen, Manager for Penn Grove Mountain, LLC

**Property Management Company:** Burbank Housing Management Corporation

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**Project Financing Information:**

**Bond Counsel:** Jones Hall, A Professional Law Corporation  
**Private Placement Purchaser:** U.S. Bank National Association  
**Cash Flow Permanent Bond:** Not Applicable  
**Public Sale:** Not Applicable  
**Underwriter:** Not Applicable  
**Credit Enhancement Provider:** Not Applicable  
**Rating:** Not Applicable  
**TEFRA Noticing Date:** November 29, 2019  
**TEFRA Adoption Date:** December 10, 2019

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**Description of Proposed Project:**

**State Ceiling Pool:** General  
**Total Number of Units:** 36  
**Manager's Units:** 1 Unrestricted  
**Type:** New Construction  
**Population Served:** Family

Willowglen Apartments is a new construction project located in Rohnert Park. The project consists of 18 restricted rental units, 17 market rate units and 1 unrestricted manager unit. The project will have 18 one-bedroom units, 12 two-bedroom units and 6 three-bedroom units. The project consists of 3 residential apartment buildings (2 stories, 12 units each) and 1 freestanding community building. There will be no elevator access. The project will include a community room for resident gatherings, landscaped grounds, community garden area, and a tot lot. This apartment project is part of a larger master planned community consisting of 477 market rate and affordable housing that includes single family homes, duplexes, townhomes, apartment, and a commercial area. At the center of the master planned community directly across the street from the affordable apartments is a large, recently completed neighborhood park with an expansive lawn area, pathways, and playground. There are a total of 36 covered garage spaces.

**Description of Public Benefits:**

**Percent of Restricted Rental Units in the Project:** 51%  
51% (18 units) restricted to 50% or less of area median income households.  
0% (0 units) restricted to 60% or less of area median income households.  
**Unit Mix:** 1, 2 & 3 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:** \$ 18,225,052  
**Estimated Hard Costs per Unit:** \$ 222,405 (\$8,006,571 /36 units including mgr. units)  
**Estimated per Unit Cost:** \$ 506,251 (\$18,225,052 /36 units including mgr. units)  
**Allocation per Unit:** \$ 277,778 (\$10,000,000 /36 units including mgr. units)  
**Allocation per Restricted Rental Unit:** \$ 555,556 (\$10,000,000 /18 restricted units)

<b>Sources of Funds:</b>	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 10,000,000	\$ 3,464,000
Cash Flow Permanent Bonds	\$ 0	\$ 0
Tranche B Financing	\$ 0	\$ 0
Taxable Bond Proceeds	\$ 3,052,003	\$ 0
LIH Tax Credit Equity	\$ 0	\$ 11,579,250
Income from Operators	\$ 0	\$ 0
Deferred Developer Fee	\$ 1,034,642	\$ 1,034,642
Costs Deferred Until Conversion	\$ 833,322	\$ 0
Seller Carryback Loan	\$ 0	\$ 0
GP Capital Contribution	\$ 100	\$ 100
Accrued Deferred Interest-Seller Carryback	\$ 0	\$ 0
Acquired Project Reserves	\$ 0	\$ 0
Capital Contribution (GP)	\$ 2,147,060	\$ 2,147,060
Capital Contribution (LP)	\$ 1,157,925	\$ 0
<b>Total Sources</b>	<b>\$ 18,225,052</b>	<b>\$ 18,225,052</b>

<b>Uses of Funds:</b>	
Land Cost/Acquisition	\$ 1,979,460
Rehabilitation	\$ 0
Relocation	\$ 0
New Construction	\$ 9,290,000
Contractor Overhead & Profit	\$ 720,000
Architectural Fees	\$ 200,000
Survey and Engineering	\$ 100,000
Construction Interest and Fees	\$ 891,497
Permanent Financing	\$ 35,980
Legal Fees	\$ 257,500
Reserves	\$ 109,297
Appraisal	\$ 10,000
Hard Cost Contingency	\$ 1,373,946
Local Development Impact Fees	\$ 0
Other Project Costs	\$ 1,188,088
Developer Costs	\$ 2,069,284
<b>Total Uses</b>	<b>\$ 18,225,052</b>

**Analyst Comments:**

This project is considered a high cost per unit project. new construction projects in the Bay Area, and many acquisition/rehabilitation projects, will exceed the \$500,000/unit mark in 2019-2020 and the foreseeable future.

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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 \$10,000,000 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	35
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	10.00
Gross Rents	5	5	5.00
Large Family Units	5	5	0.00
Leveraging	10	10	10.00
Community Revitalization Area	5	5	0.00
Site Amenities	10	10	10.00
Service Amenities	10	10	10.00
New Construction or Substantial Renovation	10	10	10.00
Sustainable Building Methods	10	10	10.00
Forgone Eligible Developer Fee (Competitive Allocation Process Only)	10	10	10.00
Minimum Term of Restrictions (Competitive Allocation Process Only)	10	10	10.00
Negative Points (No Maximum)	-10	-10	0.00
<b>Total Points</b>	<b>145</b>	<b>125</b>	<b>120.00</b>