

**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*

<b>Applicant:</b>	California Housing Finance Agency
<b>Allocation Amount Requested:</b>	<b>Tax-exempt:</b> \$27,000,000
<b>Project Information:</b>	<b>Name:</b> Twin Oaks Senior Residence <b>Project Address:</b> 2605 Main Street <b>Project City, County, Zip Code:</b> Oakley, Contra Costa, 94561
<b>Project Sponsor Information:</b>	<b>Name:</b> Oakley Senior Housing, LP (WCH Affordable LI, LLC / Highridge Costa Development Company, LLC / Victoria Capital, LLC) <b>Principals:</b> Graham Espley-Jones, President, Sandy Gibbons, VP/CFO, Leanne Troufreh, VP/Secretary for WCH Affordable LI, LLC / Mohannad H. Mohanna, President/COO, Michael A. Costa, CEO, Robert W. Tetrault, Senior VP/CFO for Highridge Costa Development Company, LLC & Victoria Capital, LLC  <b>Property Management Company:</b> WinnResidential California
<b>Project Financing Information:</b>	<b>Bond Counsel:</b> Orrick, Herrington & Sutcliffe LLP <b>Private Placement Purchaser:</b> Citibank, 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> October 14, 2019 <b>TEFRA Adoption Date:</b> October 29, 2019
<b>Description of Proposed Project:</b>	<b>State Ceiling Pool:</b> Mixed <b>Total Number of Units:</b> 130 <b>Manager's Units:</b> 1 Unrestricted <b>Type:</b> New Construction <b>Population Served:</b> Senior Citizens

Twin Oaks Senior Residence is a new construction project located in Oakley on a 5.85-acre site. The project consists of 104 restricted rental units, 25 market rate units and 1 unrestricted manager unit. The project will have 98 one-bedroom units, 31 two-bedroom, and 1 two-bedroom unit as the manager unit. Common amenities will include a community room, club house, fitness room, laundry facility, resident lobby and storage areas. Unit amenities will include a balcony, drapes, central HVAC, closets, exterior storage, refrigerator, electric stovetop, oven, garbage disposal, and a microwave. The construction is expected to begin June 2020 and be completed in October 2021.

**Description of Public Benefits:**

**Percent of Restricted Rental Units in the Project:** 81%  
26% (34 units) restricted to 50% or less of area median income households.  
54% (70 units) restricted to 60% 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:**

**Estimated Total Development Cost:** \$ 47,995,058  
**Estimated Hard Costs per Unit:** \$ 200,580 (\$26,075,375 /130 units including mgr. unit)  
**Estimated per Unit Cost:** \$ 369,193 (\$47,995,058 /130 units including mgr. unit)  
**Allocation per Unit:** \$ 207,692 (\$27,000,000 /130 units including mgr. unit)  
**Allocation per Restricted Rental Unit:** \$ 259,615 (\$27,000,000 /104 restricted units)

<b>Sources of Funds:</b>	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 27,000,000	\$ 17,835,591
Cash Flow Permanent Bonds	\$ 0	\$ 0
Tranche B Financing	\$ 0	\$ 0
Taxable Bond Proceeds	\$ 10,836,000	\$ 0
LIH Tax Credit Equity	\$ 5,049,979	\$ 22,459,537
Income from Operatons	\$ 0	\$ 0
Deferred Developer Fee	\$ 0	\$ 2,539,930
Costs Deferred Until Conversion	\$ 5,109,079	\$ 0
Seller Carryback Loan	\$ 0	\$ 0
City of Long Beach	\$ 0	\$ 0
Accrued Deferred Interest-Seller Carryback	\$ 0	\$ 0
Acquired Project Reserves	\$ 0	\$ 0
Capital Contribution (GP)	\$ 0	\$ 0
CalHFA (Mixed Income Program Finance)	\$ 0	\$ 5,160,000
<b>Total Sources</b>	<b>\$ 47,995,058</b>	<b>\$ 47,995,058</b>

<b>Uses of Funds:</b>	
Land Cost/Acquisition	\$ 3,195,826
Rehabilitation	\$ 0
Relocation	\$ 0
New Construction	\$ 23,651,598
Contractor Overhead & Profit	\$ 1,785,027
Architectural Fees	\$ 1,400,000
Survey and Engineering	\$ 391,000
Construction Interest and Fees	\$ 2,430,687
Permanent Financing	\$ 181,685
Legal Fees	\$ 320,000
Reserves	\$ 1,560,297
Appraisal	\$ 5,500
Hard Cost Contingency	\$ 1,414,517
Local Development Impact Fees	\$ 0
Other Project Costs	\$ 6,589,730
Developer Costs	\$ 5,069,191
<b>Total Uses</b>	<b>\$ 47,995,058</b>

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**Analyst Comments:**

None

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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:**

83 out of 125 [See Attachment A]

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**Recommendation:**

Staff recommends that the Committee approves \$27,000,000 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	11
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	9
Gross Rents	5	5	5
Large Family Units	5	5	0
Leveraging	10	10	0
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	9
Forgone Eligible Developer Fee (Competitive Allocation Process Only)	10	10	9
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>83</b>