

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
April 14, 2020
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Isaac Clark III

Applicant: California Housing Finance Agency

Allocation Amount Requested:
Tax-exempt: \$38,250,000

Project Information:
Name: Kawana Springs Apartments
Project Address: 450-500 Kawana Springs Road
Project City, County, Zip Code: Santa Rosa, Sonoma, 95404

Project Sponsor Information:
Name: 500 Kawana Springs Rd., L.P. (Integrated Community Development,
Principals: Lori Koester, Executive Director and Rob Tidd, Secretary for Corporation for Better Housing. Benjamin Lingo, Manager/Principal and Charles Brumbaugh, Manager/Principal for Integrated Community Development, LLC.
Property Management Company: WinnResidential

Project Financing Information:
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Private Placement Purchaser: Pacific Western Bank
Cash Flow Permanent Bond: Not Applicable
Public Sale: Not Applicable
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Rating: Not Applicable
TEFRA Noticing Date: January 3, 2020
TEFRA Adoption Date: January 22, 2020

Description of Proposed Project:
State Ceiling Pool: Mixed Income
Total Number of Units: 151
Manager's Units: 2 Unrestricted
Type: New Construction
Population Served: Family

Kawana Springs Apartments is a new construction project located in Santa Rosa on a 3.73-acre site. The project will provide area residents displaced by the wildfires of 2017, as well as the local workforce with new family housing opportunities within a pedestrian-oriented neighborhood with access to transportation, job centers, retail, entertainment, parks and community services. The project consists of 134 restricted rental units, 15 market rate units and 2 unrestricted manager units. The project will have 48 one-bedroom units, 71 two-bedroom units and 22 three-bedroom units. The building will be a new construction with five stories. Common amenities include an expansive open space area which provides a pool and spa area, fire pits, barbeque areas and tot lots. Additionally, the two-story community area will include a business center, a fitness center, a lounge area, a recreational room and indoor bicycle storage facilities. Each unit will have a refrigerator, a range/oven, and dishwasher. There are 254 parking spaces provided. Green features include carports which will host a photovoltaic solar array with a goal to meet Net-Zero-Energy standards. The construction is to begin August 2020 and completed in February 2022.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 90%
45% (67 units) restricted to 50% or less of area median income households.
45% (67 units) restricted to 60% or less of area median income households.
Unit Mix: Studio, 1, 2 & 3 bedroo

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: \$ 68,694,478
Estimated Hard Costs per Unit: \$ 234,398 (\$35,394,075 /151 units including mgr. units)
Estimated per Unit Cost: \$ 454,930 (\$68,694,478 /151 units including mgr. units)
Allocation per Unit: \$ 253,311 (\$38,250,000 /151 units including mgr. units)
Allocation per Restricted Rental Unit: \$ 285,448 (\$38,250,000 /134 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>	
Pacific Western Bank - Tax Exempt Bonds	\$ 38,250,000	\$ 23,826,000	CalHFA Permanent Loan
Cash Flow Permanent Bonds	\$ 0	\$ 0	
Pacific Western Bank - Taxable Tail	\$ 15,250,000	\$ 8,200,000	CalHFA MIP Loan
Tax Credit Equity	\$ 8,005,853	\$ 1,300,000	CalHFA MIP Loan #2
LIH Tax Credit Equity	\$ 0	\$ 29,873,860	Total Tax Credit Equity
	0 \$ 0	\$ 559,455	Solar Equity
	0 \$ 0	\$ 4,935,163	Deferred Developer Fee
	0 \$ 0	\$ 0	0
	0 \$ 0	\$ 0	0
Itemized Public Funds Sources	\$ 0	\$ 0	Itemized Public Funds So
Total Sources	\$ 61,505,853	\$ 68,694,478	

Uses of Funds:	
Land Cost/Acquisition	\$ 4,215,000
Rehabilitation	\$ 0
Relocation	\$ 0
New Construction	\$ 40,349,245
Contractor Overhead & Profit	\$ 0
Architectural Fees	\$ 500,000
Survey and Engineering	\$ 969,000
Construction Interest and Fees	\$ 6,187,302
Permanent Financing	\$ 508,260
Legal Fees	\$ 295,000
Reserves	\$ 641,994
Appraisal	\$ 20,000
Hard Cost Contingency	\$ 2,017,462
Local Development Impact Fees	\$ 4,093,938
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 1,637,277
Developer Costs	\$ 7,260,000
Total Uses	\$ 68,694,478

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:

90 out of 145 [See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$39,700,000 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	15
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	10.00
Large Family Units	5	5	0.00
Gross Rents	5	5	5.00
Leveraging	10	10	10.00
Community Revitalization Area	5	5	0.00
Site Amenities	10	10	10.00
Service Amenities	10	10	0.00
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
Total Points	145	125	90.00