

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: Muri Bartkovski

Applicant: California Municipal Finance Authority

Allocation Amount Requested:
Tax-exempt: \$16,230,000

Project Information:
Name: The Plateau Housing Project
Project Address: 441 South Street
Project City, County, Zip Code: Fort Bragg, Mendocino, 95437

Project Sponsor Information:
Name: Fort Bragg South Street LP (to be formed) (Community Revitalization and Development Corporation)
Principals: Daniel J. Johnson and Kendra L. Johnson of Johnson & Johnson Investments, LLC. David Rutledge and Fred Quigley of Raymond James.
Property Management Company: Danco Property Management

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: November 18, 2019
TEFRA Adoption Date: November 25, 2019

Description of Proposed Project:
State Ceiling Pool: Rural
Total Number of Units: 69
Manager's Units: 1 Unrestricted
Type: New Construction
Population Served: Family

The Plateau Housings is a new construction project located in Fort Bragg on a 4-acre site. The project consists of 68 restricted rental units and 1 unrestricted manager unit. The project will have 37 one-bedroom units, 9 two-bedroom units and 23 three-bedroom units. The buildings are situated for best solar orientation with roof slopes and concrete slab-on-grade foundation, supporting a wood-frame and manufactured truss roof system with Hardie-Siding and asphalt roofing. Common amenities include a large community room with kitchen, laundry facilities, management offices, a play ground, a basketball court, gardening areas, storage and a mailroom. Each unit will have energy efficient refrigerator, range/oven and windows with easy latch. There are 65 covered parking spaces provided. The project will pursue Greenguard Indoor Air Quality Certification and all plumbing fixtures will meet the 2016 CA Green Building Code requirements and include hybrid electric air-source heat pump water heaters. The project will be enrolled in the Enterprise Green Communities certification program.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
38% (26 units) restricted to 50% or less of area median income households.
62% (42 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: \$ 27,386,925
Estimated Hard Costs per Unit: \$ 210,463 (\$14,521,957 /69 units including mgr. units)
Estimated per Unit Cost: \$ 396,912 (\$27,386,925 /69 units including mgr. units)
Allocation per Unit: \$ 235,217 (\$16,230,000 /69 units including mgr. units)
Allocation per Restricted Rental Unit: \$ 238,676 (\$16,230,000 /68 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 16,230,000	\$ 4,780,000
HEAP - County of Mendocino	\$ 3,000,000	\$ 3,000,000
LIH Tax Credit Equity	\$ 0	\$ 14,190,698
Raymond James Solar Tax Credit Equity	\$ 34,680	\$ 173,400
Raymond James Tax Credit Equity	\$ 2,838,140	\$ 1,242,827
Note & Other Deferred Costs - Danco Communities	\$ 5,069,105	\$ 3,750,000
City of Fort Bragg	\$ 250,000	\$ 250,000
Total Sources	<u>\$ 27,421,925</u>	<u>\$ 27,386,925</u>

Uses of Funds:	
Land Cost/Acquisition	\$ 2,760,000
New Construction	\$ 16,798,025
Architectural Fees	\$ 450,000
Survey and Engineering	\$ 250,000
Construction Interest and Fees	\$ 1,397,015
Permanent Financing	\$ 215,331
Legal Fees	\$ 120,000
Reserves	\$ 118,726
Appraisal	\$ 10,000
Hard Cost Contingency	\$ 839,901
Local Development Impact Fees	\$ 722,035
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 542,383
Developer Costs	\$ 3,163,509
Total Uses	<u>\$ 27,386,925</u>

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:

115 out of 145 [See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$16,230,000 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
Large Family Units	5	5	5
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	0
Minimum Term of Restrictions (Competitive Allocation Process Only)	10	10	10
Negative Points (No Maximum)	-10	-10	0
Total Points	145	125	115