

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 (CalHFA)

Allocation Amount Requested: Tax-exempt: \$24,000,000

Project Information:

Name: The Redwood Apartments
Project Address: 3422 Santa Rosa Avenue
Project City, County, Zip Code: Santa Rosa, Sonoma, 95407

Project Sponsor Information:

Name: Central Valley Coalition for Affordable Housing, a California Nonprofit
Principals: Caleb Roope, Manager of TPC Holdings VII, LLC. Alan Jenkins - President; Sid McIntyre - Vice President; Steve Simmons - Vice President; Christina Alley - Chief Executive Officer; Jennifer Bertuccio - Chief Operations Officer & Secretary; and Renee Downum - Treasurer of Central Valley Coalition for Affordable Housing
Property Management Company: Aperto Property Management, Inc.

Project Financing Information:

Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Private Placement Purchaser: California Bank and Trust
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: 96
Manager's Units: 1 Unrestricted
Type: New Construction
Population Served: Family

The Redwoods Apartments is a new construction project located in Santa Rosa on a 4.11-acre site. The project consists of 95 restricted rental units and 1 market rate unit which will be the unrestricted manager unit. The project will have 12 one-bedroom units, 60 two-bedroom units and 24 three-bedroom units. The development includes amenities such as a large outdoor children's playground (approximately 1,636 sq. ft.), a covered picnic area and plenty of centralized open space which will serve as an excellent setting for family gatherings with play areas for children. A basketball half-court will offer a recreational facility suitable for children ages 13-17. Further common amenities will include a community room with exercise room and a laundry area with kitchen. The structures will be a total of five buildings, four residential and one community building. Each unit will have a refrigerator, a range/oven and a dishwasher. There are 176 parking spaces provided. The construction is expected to begin September 2020 and be completed in March 2021.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%

51% (48 units) restricted to 50% or less of area median income households.

49% (47 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:	\$ 42,936,913	
Estimated Hard Costs per Unit:	\$ 240,529	(\$23,090,760 /96 units including mgr. units)
Estimated per Unit Cost:	\$ 447,260	(\$42,936,913 /96 units including mgr. units)
Allocation per Unit:	\$ 250,000	(\$24,000,000 /96 units including mgr. units)
Allocation per Restricted Rental Unit:	\$ 252,632	(\$24,000,000 /95 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
California Bank & Trust - Const. Loan (T.E. Bonds)	\$ 24,000,000	\$ 15,000,000
Cash Flow Permanent Bonds	\$ 0	\$ 0
0	\$ 0	\$ 0
Pacific West Communities, Inc. - DDF	\$ 5,379,784	\$ 2,879,784
LIH Tax Credit Equity	\$ 0	\$ 20,307,129
Sonoma County Pacific Assoc - Def. Costs	\$ 746,938	\$ 0
Boston Capital - LIHTC Equity	\$ 2,810,191	\$ 0
0	\$ 0	\$ 0
California Bank & Trust -Const.Loan (Taxable Bonds)	\$ 10,000,000	\$ 4,750,000
Itemized Public Funds Sources	\$ 0	\$ 0
0	\$ 0	\$ 0
0	\$ 0	\$ 0
0	\$ 0	\$ 0
0	\$ 0	\$ 0
0	\$ 0	\$ 0
Total Sources	\$ 42,936,913	\$ 42,936,913

Uses of Funds:	
Land Cost/Acquisition	\$ 991,061
Rehabilitation	\$ 0
Relocation	\$ 0
New Construction	\$ 26,823,143
Contractor Overhead & Profit	\$ 0
Architectural Fees	\$ 450,000
Survey and Engineering	\$ 195,000
Construction Interest and Fees	\$ 2,038,400
Permanent Financing	\$ 327,500
Legal Fees	\$ 60,000
Reserves	\$ 746,938
Appraisal	\$ 10,000
Hard Cost Contingency	\$ 1,500,000
Local Development Impact Fees	\$ 2,901,713
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 1,513,374
Developer Costs	\$ 5,379,784
Total Uses	\$ 42,936,913

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:

78 out of 145 [See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$24,000,000 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	15
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	10.00
Large Family Units	5	5	5.00
Gross Rents	5	5	5.00
Leveraging	10	10	10.00
Community Revitalization Area	5	5	0.00
Site Amenities	10	10	2.50
Service Amenities	10	10	10.00
New Construction or Substantial Renovation	10	10	10.00
Sustainable Building Methods	10	10	0.00
Forgone Eligible Developer Fee (Competitive Allocation Process Only)	10	10	0.00
Minimum Term of Restrictions (Competitive Allocation Process Only)	10	10	10.00
Negative Points (No Maximum)	-10	-10	0.00
Total Points	145	125	77.50