

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
December 9, 2020
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Isaac Clark III

Applicant:	California Statewide Communities Development Authority		
Allocation Amount Requested:	Tax-exempt:	\$4,500,000	
Project Information:	Name:	Willow Oaks Apartments	
	Project Address:	1201 West Wood Street	
	Project City, County, Zip Code:	Willows, Glenn, 95988	
Project Sponsor Information:	Name:	Highland Property Development LLC (Highland Property	
	Principals:	Gary P. Downs (Managing Member), Kristoffer J. Kaufmann (Managing Member), Douglas Day (Member), Socorro Vasquez (Executive Director)	
	Property Management Company:	FPI Management	
Project Financing Information:	Bond Counsel:	Orrick, Herrington & Sutcliffe LLP	
	Private Placement Purchaser:	JPMorgan Chase Bank, N.A.	
	Cash Flow Permanent Bond:	Not Applicable	
	Public Sale:	Not Applicable	
	Underwriter:	Not Applicable	
	Credit Enhancement Provider:	Not Applicable	
	Rating:	Not Applicable	
Description of Proposed Project:	State Ceiling Pool:	Rural	
	Total Number of Units:	60	
	Manager's Units:	1 Unrestricted	
	Type:	Acquisition and Rehabilitation	
	Population Served:	Family	

Willow Oaks Apartments is located in Willows on 3.77-acre site. The entire project consists of 59 restricted rental units and 1 unrestricted manager unit. The entire project has 20 one-bedroom units, 32 two-bedroom units and 8 three-bedroom units. Property renovations will include renovated community areas and social services free of charge to the property's residents. Additional renovations will also include the addition/conversion of accessible units and accessible parking spaces. Energy-Efficiency measures will be added to the property. Interior renovations included will be the addition of dual pane vinyl windows, high efficiency HVAC systems, energy-efficient water heaters, energy-star rated appliances and energy efficient light fixtures. The rehabilitation is expected to begin in April 2021 and be completed in October 2021.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project:	100%
<u>31%</u> (18 units) restricted to 50% or less of area median income households.	
<u>69%</u> (41 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
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Details of Project Financing:

Estimated Total Development Cost:	\$	8,239,042	
Estimated Hard Costs per Unit:	\$	55,000	(\$3,300,000 /60 units including mgr. unit)
Estimated per Unit Cost:	\$	137,317	(\$8,239,042 /60 units including mgr. unit)
Allocation per Unit:	\$	75,000	(\$4,500,000 /60 units including mgr. unit)
Allocation per Restricted Rental Unit:	\$	76,271	(\$4,500,000 /59 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 4,500,000	\$ 3,600,000
Taxable Bond Proceeds	\$ 1,295,000	\$ 1,295,000
LIH Tax Credit Equity	\$ 0	\$ 2,539,056
Income from Operatons	\$ 110,250	\$ 110,250
Boston Financial Investment Mgmt	\$ 1,569,749	\$ 0
Highland Property Development LLC	\$ 0	\$ 694,736
Total Sources	\$ 7,474,999	\$ 8,239,042

Uses of Funds:	
Land Cost/Acquisition	\$ 2,264,000
Rehabilitation	\$ 3,550,800
Relocation	\$ 40,000
Contractor Overhead & Profit	\$ 264,000
Architectural Fees	\$ 60,000
Survey and Engineering	\$ 16,000
Construction Interest and Fees	\$ 183,863
Permanent Financing	\$ 111,900
Legal Fees	\$ 119,500
Reserves	\$ 292,200
Appraisal	\$ 8,000
Hard Cost Contingency	\$ 330,000
Other Project Costs	\$ 126,936
Developer Costs	\$ 871,843
Total Uses	\$ 8,239,042

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:

130 out of 145 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$4,500,000 in tax-exempt bond allocation on a carryforward basis.

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	20
Exceeding Minimum Income Restrictions:	35	15	35
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	0
Gross Rents	5	5	5
Large Family Units	5	5	0
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	10
Minimum Term of Restrictions (Competitive Allocation Process Only)	10	10	10
Negative Points (No Maximum)	-10	-10	0
Total Points	145	125	130