

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: Ken Otrotsyuk

Applicant: California Municipal Finance Authority

Allocation Amount Requested: Tax-exempt: \$17,529,754

Project Information: Name: Archway Commons II
Project Address: 1101 Carver Road
Project City, County, Zip Code: Modesto, Stanislaus, 95350

Project Sponsor Information: Name: Archway EAH II LP (Archway EAH II, LLC)
Principals: Judy Binsacca, Paul Foster, Laura Hall, Mary Murtagh, Kevin Carney, Marian Gushiken, Cathy Macy, Welton Jordan, David Egan for Archway EAH II, LLC.
Property Management Company: EAH Inc.

Project Financing Information: Bond Counsel: Jones Hall, A Professional Law Corporation
Private Placement Purchaser: MUFJ Union 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: General New Construction Project
Total Number of Units: 74
Manager's Units: 1 Unrestricted
Type: New Construction
Population Served: Family

Archway Commons II is a new construction project located in Modesto on a 3.17-acre site. The project consists of 73 restricted rental units, 0 market rate units and 1 unrestricted managers' units. The project will have 1 one-bedroom units, 52 two- bedroom units and 30 three-bedroom units. The 9 buildings will be 2 of stories and wood-framed type V of construction. Common amenities include a swimming pool, outdoor picnic area, garden area, interconnected walkways, a patio area, tot lots, benches, shade trees, barbecue area, community center, basketball court, common room, computer learning center, a management office with reception area, restrooms, a maintenance room, two tot lots, courtyard open spaces, gated pedestrian and vehicle access. Each unit will have an air conditioning, carpet, ceiling fans, window blinds, coat closets, and kitchens with a refrigerator, stove/oven, and garbage disposal. There are 74 parking spaces provided. Green features include a carbon neutral, all electric and offset 100% resident and common area energy load with on-site renewable energy generation, 7 EV parking spaces, large canopy trees for shade and cooling, quality insulation installation (QII) for energy-efficient cool roof, low/restrictive-flow and watersense plumbing fixtures, stormwater runoff to a retention basin which includes a stormwater treatment and infiltration plan with a series of sub-grade infiltration trenches. The construction is expected to begin March 2021 and be completed in September 2022.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%

60% (44 units) restricted to 50% or less of area median income households.

40% (29 units) restricted to 60% or less of area median income households.

Unit Mix: Studio & 1 bedroom

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:	\$	30,460,246	
Estimated Hard Costs per Unit:	\$	211,282	(\$15,634,849 /74 units including mgr. units)
Estimated per Unit Cost:	\$	411,625	(\$30,460,246 /74 units including mgr. units)
Allocation per Unit:	\$	236,889	(\$17,529,754 /74 units including mgr. units)
Allocation per Restricted Rental Unit:	\$	240,134	(\$17,529,754 /73 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 17,529,754	\$ 1,330,000
Taxable Bond Proceeds	\$ 4,550,646	\$ 0
LIH Tax Credit Equity	\$ 0	\$ 10,031,487
Developer Equity	\$ 1,362,773	\$ 0
Deferred Developer Fee	\$ 810,621	\$ 810,621
Modesto HOME Loan	\$ 1,400,000	\$ 1,400,000
Modesto Land Loan	\$ 1,381,000	\$ 1,381,000
Modesto Impact Fee Loan	\$ 750,138	\$ 750,138
Stanislaus Impact Fee Loan	\$ 378,155	\$ 378,155
HCD AHSC	\$ 0	\$ 14,276,157
Costs Deferred to Conversion	\$ 2,194,471	\$ 0
Accrued Loan Interest	\$ 102,688	\$ 102,688
Total Sources	\$ 30,460,246	\$ 30,460,246

Uses of Funds:	
Land Cost/Acquisition	\$ 1,387,607
Rehabilitation	\$ 0
Relocation	\$ 0
New Construction	\$ 17,189,941
Contractor Overhead & Profit	\$ 1,354,223
Architectural Fees	\$ 721,331
Survey and Engineering	\$ 244,571
Construction Interest and Fees	\$ 1,446,905
Permanent Financing	\$ 23,617
Legal Fees	\$ 174,500
Reserves	\$ 243,014
Appraisal	\$ 19,131
Hard Cost Contingency	\$ 1,833,574
Local Development Impact Fees	\$ 1,545,534
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 965,677
Developer Costs	\$ 3,310,621
Total Uses	\$ 30,460,246

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:

127.50 out of 145 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$17,529,754 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	0
Exceeding Minimum Income Restrictions:	35	15	35
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	10.00
Large Family Units	5	5	5.00
Gross Rents	5	5	5.00
Leveraging	10	10	10.00
Community Revitalization Area	5	5	5.00
Site Amenities	10	10	7.50
Service Amenities	10	10	10.00
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	127.50