

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE

December 21, 2020

Staff Report

***REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT***

Prepared by: Isaac Clark III

Applicant:	California Municipal Finance Authority
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Allocation Amount Requested:	Tax-exempt: \$16,253,397
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Project Information:	Name: Pony Express Senior Apartments
	Project Address: 220 Aegean Way
	Project City, County, Zip Code: Vacaville, Solano, 95687

Project Sponsor Information:	Name: Pony Express Senior Apartments, L.P. (PE Vacaville EAH, LLC and Pony Express Senior Apartments LLC)
	Principals: Laura Hall, President & CEO; Cathy Macy, Assistant Secretary; Welton Jordan, Assistant Secretary; David Egan, Assistant Secretary for PE Vacaville EAH, LLC / Mary Stompe, Executive Director & Assistant Secretary for Pony Express Senior Apartments LLC
	Property Management Company: Petaluma Ecumenical Properties dba PEP Housing

Project Financing Information:	Bond Counsel: Jones Hall, A Professional Law Corporation
	Private Placement Purchaser: Wells Fargo 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
	Total Number of Units: 60
	Manager's Units: 1 Unrestricted
	Type: New Construction
	Population Served: Senior Citizens

Pony Express Senior Apartments is a new construction project located in Vacaville on a 1.828-acre site. The project consists of 59 restricted rental units and 1 unrestricted manager unit. The project will have 59 one-bedroom units. Exterior renovations will include a large community building with meeting rooms, services' and manager's offices, computer room, exercise room, and outdoor plaza. Other amenities include community garden area and fenced dog run. Unit renovations will include high-efficiency HVAC systems, energy efficient lighting, and EnergyStar appliances. There are 45 parking spaces provided. The construction is expected to begin May 2021 and be completed in November 2022.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
100% (59 units) restricted to 50% or less of area median income households.
Unit Mix: 1 & 2 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:	\$ 29,994,100	
Estimated Hard Costs per Unit:	\$ 220,289	(\$13,217,346 /60 units including mgr. unit)
Estimated per Unit Cost:	\$ 499,902	(\$29,994,100 /60 units including mgr. unit)
Allocation per Unit:	\$ 270,890	(\$16,253,397 /60 units including mgr. unit)
Allocation per Restricted Rental Unit:	\$ 275,481	(\$16,253,397 /59 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 16,253,397	\$ 5,929,000
Taxable Bond Proceeds	\$ 7,339,885	\$ 0
LIH Tax Credit Equity	\$ 0	\$ 10,091,215
Deferred Developer Fee	\$ 814,691	\$ 814,691
Costs Deferred Until Conversion	\$ 2,402,257	\$ 0
Vacaville Acquisition Loan	\$ 1,320,000	\$ 1,320,000
Vacaville Loan	\$ 500,000	\$ 500,000
MHP Loan	\$ 0	\$ 11,339,194
Capital Contribution (LP)	\$ 1,363,870	\$ 0
Total Sources	\$ 29,994,100	\$ 29,994,100

Uses of Funds:	
Land Cost/Acquisition	\$ 1,489,636
New Construction	\$ 18,008,063
Contractor Overhead & Profit	\$ 800,722
Architectural Fees	\$ 735,000
Survey and Engineering	\$ 416,202
Construction Interest and Fees	\$ 1,517,879
Permanent Financing	\$ 10,000
Legal Fees	\$ 130,000
Reserves	\$ 463,338
Appraisal	\$ 10,000
Hard Cost Contingency	\$ 1,272,653
Local Development Impact Fees	\$ 1,251,740
Other Project Costs	\$ 698,855
Developer Costs	\$ 3,190,012
Total Uses	\$ 29,994,100

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:

120 out of 150 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$16,253,397 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
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)	0	0	0
Total Points	150	130	120