

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
October 19, 2016
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Felicity Wood

Applicant: California Municipal Finance Authority

Allocation Amount Requested:
Tax-exempt: \$10,000,000

Project Information:
Name: Diamond Street Apartments
Project Address: Southeast Corner of Diamond Street and Beacon Drive
Project City, County, Zip Code: Anderson, Shasta, 96007

Project Sponsor Information:
Name: LINC-Anderson APTS LP (LINC-Anderson APTS LP)
Principals: Mark Montoya, Stacey Slevcove, Rebecca F. Clark, and Suny Lay Chang for LINC-Anderson APTS LP
Property Management Company: U.S. Residential Group

Project Financing Information:
Bond Counsel: Jones Hall, A Professional Law Corporation
Private Placement Purchaser: Citibank, N.A.
Public Sale: Not Applicable
Underwriter: Not Applicable
TEFRA Noticing Date: May 2, 2016
TEFRA Adoption Date: May 17, 2016

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 44, plus 1 manager unit
Type: New Construction
Type of Units: Family

The proposed project will be built on a 2.27-acre site that is currently vacant and located on Diamond Street in Anderson, California. The site is an infill location. The project will consist of five two-story garden-style residential buildings and one two-story clubhouse. The project will be comprised of 44 tenant units, all of which are affordable, and one manager unit. Included will be 21 units serving households with incomes at or below 45% of the Area Median Income (AMI), 14 units at 50% AMI, 2 units at 55% AMI, and 7 units at 60% AMI. Five of the units (10%) will be built as accessible, and 2 units (4%) will have auditory and visual communications features. Community gardens will be available for families. A tot lot and small field will also provide children a safe environment for outdoor recreational activity. The site will be completely fenced with pedestrian entrances at the Diamond Street/Beacon Drive intersection and at Cory Lane. Construction is planned to begin in December 2016 and to be completed by the first quarter 2018.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%

80% (35 units) restricted to 50% or less of area median income households.

20% (9 units) restricted to 60% or less of area median income households.

Unit Mix: 1, 2 & 3 bedrooms

The proposed project will not be providing service amenities.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$ 15,232,293	
Estimated Hard Costs per Unit:	\$ 192,650	(\$8,476,620 /44 units)
Estimated per Unit Cost:	\$ 338,495	(\$15,232,293 /45 units including mgr unit)
Allocation per Unit:	\$ 227,273	(\$10,000,000 /44 units)
Allocation per Restricted Rental Unit:	\$ 227,273	(\$10,000,000 /44 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 10,000,000	\$ 900,000
Investor Capital Contributions	\$ 641,405	\$ 0
Developer Equity	\$ 0	\$ 100
Deferred Developer Fee	\$ 0	\$ 843,404
LIHTC	\$ 0	\$ 6,369,510
HCD MHP	\$ 0	\$ 1,286,322
Citibank Sub Loan	\$ 0	\$ 1,125,000
HCD HOME Loan	\$ 4,600,000	\$ 4,707,957
Total Sources	\$ 15,241,405	\$ 15,232,293
Uses of Funds:		
Land Cost/Acquisition	\$ 341,000	
New Construction	\$ 9,090,406	
Contractor Overhead & Profit	\$ 572,940	
Architectural Fees	\$ 500,000	
Survey and Engineering	\$ 230,000	
Construction Interest and Fees	\$ 986,440	
Permanent Financing	\$ 37,500	
Legal Fees	\$ 40,000	
Reserves	\$ 74,951	
Appraisal	\$ 10,000	
Contingency Cost	\$ 483,167	
Local Development Impact Fees	\$ 482,135	
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 532,751	
Developer Costs	\$ 1,851,004	
Total Uses	\$ 15,232,294	

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:

65 out of 140

[See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$10,000,000 in tax exempt bond allocation. Of this total, \$8,491,374 is current year allocation and \$1,508,626 is carryforward allocation from prior year.

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]	0
Gross Rents	5	5	5
Large Family Units	5	5	5
Leveraging	10	10	10
Community Revitalization Area	5	5	0
Site Amenities	10	10	0
Service Amenities	10	10	0
New Construction or Substantial Renovation	10	10	10
Sustainable Building Methods	10	10	0
Forgone Eligible Developer Fee (Competitive Allocation Process Only)	10	10	0
Minimum Term of Restrictions (Competitive Allocation Process Only)	10	10	0
Negative Points (No Maximum)	-10	-10	0
Total Points	140	120	65

The criteria for which points are awarded will also be incorporated into the Resolution transferring Allocation to the Applicant as well as the appropriate bond documents and loan and finance agreements.