

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: Sarah Lester

Applicant:	California Municipal Finance Authority
Allocation Amount Requested:	Tax-exempt: \$45,000,000
Project Information:	Name: Napa Park Homes Apartments Project Address: 790 Lincoln Avenue Project City, County, Zip Code: Napa, Napa, 94558
Project Sponsor Information:	Name: Napa Park Homes, LP (Napa Valley Community Housing) Principals: Kathi Metro-Chinberg, Christine Jameson, Sharon Macklin, Maria del Carmen Santos, Fabiola Osorio, Lila Valentine, Blanca Wright, Alexander Myers, Judith Myers and Kathleen Dreessen Property Management Company: Napa Valley Community Housing
Project Financing Information:	Bond Counsel: Jones Hall, A Professional Law Corporation Private Placement Purchaser: Umpqua (construction) / Waller & Dunlop (permanent) Public Sale: Not Applicable Underwriter: Not Applicable TEFRA Noticing Date: August 17, 2016 TEFRA Adoption Date: September 6, 2016
Description of Proposed Project:	State Ceiling Pool: General Total Number of Units: 138, plus 2 manager units Type: Acquisition and Rehabilitation Type of Units: Family

The proposed project is an existing development that was initially developed in 1970 and consists of 18 two-story apartment buildings and two (2) one-story auxiliary buildings serving large families. One of the auxiliary buildings is a prefabricated mobile structure currently serving as the site's community room. The other auxiliary building currently contains the leasing office, maintenance shop, laundry facilities and one restroom. The buildings are constructed with wood frame perimeter bearing walls, upper floors and roof framing. The building exteriors consist of painted stucco Hardi-plank siding panels with wood trim components. The roofs are flat and have a built-up roofing system finished with mineral cap sheets. The foundation systems incorporate slabs on grade. It consists of 140 residential units (32 1bd, 52 2bd, and 56 3bd). The major rehabilitation of Napa Park Homes consists of renovations to all existing residential buildings, site work improvements and a new one-story common use building. The interior spaces new upgrades include: 14 new ADA units, Energy star appliances, bathroom fixtures, replacement of sewer lines, Energy efficient lighting, flooring, energy efficient HVAC systems and painting throughout. There are several proposed site improvements throughout which include: new exterior stairs and landings to 2nd floor apartments, new accessible walkways, 4 new accessible parking stalls, parking striping, site landscaping and site lighting. This rehab project will require building and site work demolition. All residential building demolition will consist of: removal of interior wood studs, sheetrock, carpet & sheet vinyl flooring, old HVAC wall mounted unit and plumbing sewer lines. All site work demolition will consist of removing asphalt, excavating, relocating PGE easement, removing curbs & sidewalks and existing planters. Construction is expected to start in Spring 2017 and is slated to last approximately 16 months with an expected completion date of Summer 2018.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 93%
57% (79 units) restricted to 50% or less of area median income households.
36% (49 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:	\$	73,778,432	
Estimated Hard Costs per Unit:	\$	64,043	(\$8,837,949 /138 units)
Estimated per Unit Cost:	\$	526,989	(\$73,778,432 /140 units including mgr. units)
Allocation per Unit:	\$	326,087	(\$45,000,000 /138 units)
Allocation per Restricted Rental Unit:	\$	351,563	(\$45,000,000 /128 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 45,000,000	\$ 22,000,000
Developer Equity	\$ 1,786,100	\$ 1,786,000
LIH Tax Credit Equity	\$ 2,276,000	\$ 24,616,349
Capital Contribution	\$ 0	\$ 100
Deferred Developer Fee	\$ 5,998,100	\$ 5,998,100
Deferred Costs	\$ 1,946,349	\$ 0
Seller Carryback Loan	\$ 16,858,883	\$ 19,239,883
Net Income From Operations	\$ 138,000	\$ 138,000
Total Sources	\$ 74,003,432	\$ 73,778,432

Uses of Funds:	
Land Cost/Acquisition	\$ 44,441,495
Accrued Interest on Existing Debt	\$ 130,000
Rehabilitation	\$ 10,845,056
Relocation	\$ 1,624,502
Contractor Overhead	\$ 621,670
Architectural Fees	\$ 202,000
Survey and Engineering	\$ 100,000
Construction Interest and Fees	\$ 2,199,050
Permanent Financing	\$ 200,600
Legal Fees	\$ 100,000
Reserves	\$ 1,408,000
Appraisal	\$ 15,000
Contingency Cost	\$ 1,753,233
Local Development Impact Fees	\$ 7,329
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 1,352,397
Developer Costs	\$ 8,778,100
Total Uses	\$ 73,778,432

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: 75.5 out of 140
[See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$45,000,000 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	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	5
Leveraging	10	10	0
Community Revitalization Area	5	5	0
Site Amenities	10	10	7.5
Service Amenities	10	10	0
New Construction or Substantial Renovation	10	10	10
Sustainable Building Methods	10	10	3
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	75.5

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.