

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
May 17, 2017
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Louise Eller

Applicant: California Statewide Communities Development Authority

Allocation Amount Requested:
Tax-exempt: \$26,000,000

Project Information:
Name: Ivy Hill Apartments
Project Address: 1700 Botelho Drive
Project City, County, Zip Code: Walnut Creek, Contra Costa, 94596

Project Sponsor Information:
Name: ML CASA VII, LP (ML CASA VII Management, LLC)
Principals: James Martha, Mona Bent, Brian Eby, Michael Schwaab, A.J. Richard, Terry Senger, William Miller, Nancy Miller and Ann Medeiros for ML CASA VII Management, LLC
Property Management Company: Pinnacle Property Management Services, LLC

Project Financing Information:
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Private Placement Purchaser: Bank of America, N.A.
Cash Flow Permanent Bond: Not Applicable
Public Sale: Not Applicable
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Rating: Not Applicable
TEFRA Noticing Date: April 4, 2017
TEFRA Adoption Date: April 18, 2017

Description of Proposed Project:
State Ceiling Pool: Mixed
Total Number of Units: 116
Manager's Units: 1 Unrestricted
Type: Acquisition and Rehabilitation
Population Served: Family

Ivy Hill Apartments is an existing project located in Walnut Creek on a 1.35-acre site. The project consists of 115 rental units and 1 unrestricted managers' units. The project has 62 one-bedroom units and 54 two-bedroom units. The renovations will include building exterior/interior upgrades. Building exterior renovations will consist of repainting, roof repairs/replacements, mechanical system replacements, elevator upgrades and new outdoor amenities. Individual apartment units will be updated with new countertops, flooring replacements, kitchen and bathroom cabinet upgrades, new lighting and plumbing fixtures. The rehabilitation is expected to begin in June 2017 and last approximately 12 to 24 months.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 41%
10% (12 units) restricted to 50% or less of area median income households.
31% (36 units) restricted to 60% or less of area median income households.
Unit Mix: 1 & 2 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:	\$ 51,696,200	
Estimated Hard Costs per Unit:	\$ 22,845	(\$2,650,000 /116 units including mgr. units)
Estimated per Unit Cost:	\$ 445,657	(\$51,696,200 /116 units including mgr. units)
Allocation per Unit:	\$ 224,138	(\$26,000,000 /116 units including mgr. units)
Allocation per Restricted Rental Unit:	\$ 541,667	(\$26,000,000 /48 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 26,000,000	\$ 26,000,000
Cash Equity	\$ 25,696,200	\$ 25,696,200
Total Sources	\$ 51,696,200	\$ 51,696,200

Uses of Funds:	
Land Cost/Acquisition	\$ 48,100,000
Rehabilitation	\$ 2,549,000
Architectural Fees	\$ 250,000
Permanent Financing	\$ 386,200
Legal Fees	\$ 100,000
Appraisal	\$ 10,000
Hard Cost Contingency	\$ 136,000
Other Project Costs	\$ 165,000
Total Uses	\$ 51,696,200

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:

20 out of 110 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$26,000,000 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	Points Scored
Preservation Project	20	20	10
Exceeding Minimum Income Restrictions:	35	15	5
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	0
Gross Rents	5	5	0
Large Family Units	5	5	0
Leveraging	10	10	0
Community Revitalization Area	5	5	0
Site Amenities	10	10	5
Service Amenities	10	10	0
New Construction or Substantial Renovation	10	10	0
Sustainable Building Methods	10	10	0
Forgone Eligible Developer Fee (Competitive Allocation Process Only)	10	10	N/A
Minimum Term of Restrictions (Competitive Allocation Process Only)	10	10	N/A
Negative Points (No Maximum)	-10	-10	0
Total Points	140	110	20

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.