

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
May 16, 2018
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Richard Fischer

Applicant: California Housing Finance Agency

Allocation Amount Requested:
Tax-exempt: \$8,850,000

Project Information:
Name: Sunrise Gardens Apartments
Project Address: 1400 Woodman Circle
Project City, County, Zip Code: Placerville, El Dorado, 95667

Project Sponsor Information:
Name: Hampstead Sunrise Partners, L.P. (Sunrise CARE MGP, LLC and Hampstead Sunrise, LLC)
Principals: Gerald Parker, Andrew Parker, Jennifer Lowell and Eric Miller for Sunrise CARE MGP, LLC; Greg Gossard, Chris Foster and Jeff Jallo for the Hampstead Sunrise, LLC
Property Management Company: Jordan Management Company

Project Financing Information:
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Private Placement Purchaser: Redstone Tax Exempt Funding LLC
Cash Flow Permanent Bond: Not Applicable
Public Sale: Not Applicable
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Rating: Not Applicable
TEFRA Noticing Date: March 9, 2018
TEFRA Adoption Date: March 30, 2018

Description of Proposed Project:
State Ceiling Pool: Rural
Total Number of Units: 67
Manager's Units: 1 Unrestricted
Type: Acquisition and Rehabilitation
Population Served: Senior Citizens

Sunrise Gardens Apartments is an existing project located in Placerville on a 7.07-acre site. The project consists of 66 restricted rental units and 1 unrestricted manager unit. The project has 55 one-bedroom units and 12 two-bedroom units. The renovations will include building exterior and interior upgrades. Building exterior renovations will consist of siding repairs, roof replacement, window replacements and a fresh coat of paint. Interior renovations will include community room upgrades. Individual apartment units will be updated with a new appliance package, countertops, cabinets, fixtures, paint and electrical updates. Lastly, common or site area renovations will consist of concrete repairs, asphalt replacement and ADA updates. The rehabilitation is expected to begin in June 2018 and be completed in April 2019.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%

11% (7 units) restricted to 50% or less of area median income households.

89% (59 units) restricted to 60% or less of area median income households.

Unit Mix: 1 & 2 bedrooms

The proposed project will not be receiving service amenity points.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$ 12,232,179	
Estimated Hard Costs per Unit:	\$ 41,000	(\$2,747,000 /67 units including mgr. units)
Estimated per Unit Cost:	\$ 182,570	(\$12,232,179 /67 units including mgr. units)
Allocation per Unit:	\$ 132,090	(\$8,850,000 /67 units including mgr. units)
Allocation per Restricted Rental Unit:	\$ 134,091	(\$8,850,000 /66 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 8,850,000	\$ 8,458,000
LIH Tax Credit Equity	\$ 0	\$ 2,862,410
Developer Equity	\$ 2,220,935	\$ 160,000
Deferred Developer Fee	\$ 523,332	\$ 113,857
Net Income From Operations	\$ 637,912	\$ 637,912
Total Sources	\$ 12,232,179	\$ 12,232,179

Uses of Funds:	
Land Cost/Acquisition	\$ 5,500,000
Rehabilitation	\$ 2,911,820
Relocation	\$ 100,500
Contractor Overhead & Profit	\$ 219,760
Architectural Fees	\$ 275,579
Survey and Engineering	\$ 25,000
Construction Interest and Fees	\$ 1,011,748
Permanent Financing	\$ 84,580
Legal Fees	\$ 210,000
Appraisal	\$ 7,500
Hard Cost Contingency	\$ 313,158
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 274,942
Developer Costs	\$ 1,297,592
Total Uses	\$ 12,232,179

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:

52.3 out of 140 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$8,850,000 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	20
Exceeding Minimum Income Restrictions:	35	15	25.3
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	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	2
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	52.3