

**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*

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<b>Applicant:</b>	<b>California Housing Finance Agency</b>
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<b>Allocation Amount Requested:</b>	<b>Tax-exempt:</b> \$23,920,000
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<b>Project Information:</b>	<b>Name:</b> Hookston Senior Apartments
	<b>Project Address:</b> 80 West Hookston Road
	<b>Project City, County, Zip Code:</b> Pleasant Hill, Contra Costa, 94523

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<b>Project Sponsor Information:</b>	<b>Name:</b> Hookston II, L.P. (Satellite AHA Development, Inc. (SADI))
	<b>Principals:</b> Mike Jacob, Smitha Seshadri and David Greenfelder for Satellite AHA Development, Inc.
	<b>Property Management Company:</b> Satellite Affordable Housing Associated Property Management

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<b>Project Financing Information:</b>	<b>Bond Counsel:</b> Orrick, Herrington & Sutcliffe LLP
	<b>Private Placement Purchaser:</b> Not Applicable
	<b>Cash Flow Permanent Bond:</b> Not Applicable
	<b>Public Sale:</b> Rated
	<b>Underwriter:</b> CalHFA
	<b>Credit Enhancement Provider:</b> Not Applicable
	<b>Rating:</b> AA+
	<b>TEFRA Noticing Date:</b> December 5, 2017
	<b>TEFRA Adoption Date:</b> January 8, 2018

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<b>Description of Proposed Project:</b>	<b>State Ceiling Pool:</b> General
	<b>Total Number of Units:</b> 100
	<b>Manager's Units:</b> 1 Unrestricted
	<b>Type:</b> Acquisition and Rehabilitation
	<b>Population Served:</b> Senior Citizens

Hookston Senior Apartments is an existing project located in Pleasant Hill on a 2.59-acre site. The project consists of 99 restricted rental units and 1 unrestricted manager unit. The project has 84 one-bedroom units and 16 two-bedroom units. The renovations will include building exterior and interior upgrades. Building exterior renovations will consist of a fresh coat of paint. Interior renovations will include elevator replacement, laundry room, leasing office and community room upgrades as well as the heating, ventilation and air conditioning system upgrade. Individual apartment units will be updated with tub surrounds, new toilets, vanities, exhaust fans, 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 October 2018 and be completed in October 2019.

**Description of Public Benefits:**

**Percent of Restricted Rental Units in the Project:** 100%

81% (80 units) restricted to 50% or less of area median income households.

19% (19 units) restricted to 60% or less of area median income households.

**Unit Mix:** 1 & 2 bedrooms

The proposed project will be providing to the Project residents a bona fide service coordinator. Services must be provided on-site.

**Term of Restrictions:**

**Income and Rent Restrictions:** 55 years

**Details of Project Financing:**

<b>Estimated Total Development Cost:</b>	\$ 40,825,327	
<b>Estimated Hard Costs per Unit:</b>	\$ 86,863	(\$8,686,333 /100 units including mgr. units)
<b>Estimated per Unit Cost:</b>	\$ 408,253	(\$40,825,327 /100 units including mgr. units)
<b>Allocation per Unit:</b>	\$ 239,200	(\$23,920,000 /100 units including mgr. units)
<b>Allocation per Restricted Rental Unit:</b>	\$ 241,616	(\$23,920,000 /99 restricted units)

<b>Sources of Funds:</b>	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 23,920,000	\$ 9,428,000
LIH Tax Credit Equity	\$ 875,318	\$ 13,376,932
Developer Equity	\$ 100	\$ 1,150,639
Deferred Developer Fee	\$ 1,300,000	\$ 1,300,000
Deferred Costs	\$ 3,160,154	\$ 0
Seller Carryback Loan	\$ 10,843,436	\$ 10,843,436
Accrued Interest	\$ 413,496	\$ 413,496
Seller Permanent Loan	\$ 0	\$ 4,000,000
Seller Reserves	\$ 312,824	\$ 312,824
<b>Total Sources</b>	<b>\$ 40,825,328</b>	<b>\$ 40,825,327</b>
 <b>Uses of Funds:</b>		
Land Cost/Acquisition	\$ 19,510,000	
Rehabilitation	\$ 9,632,793	
Relocation	\$ 985,000	
Contractor Overhead & Profit	\$ 518,856	
Architectural Fees	\$ 282,773	
Survey and Engineering	\$ 194,406	
Construction Interest and Fees	\$ 2,502,442	
Permanent Financing	\$ 105,000	
Legal Fees	\$ 25,000	
Reserves	\$ 459,025	
Appraisal	\$ 15,000	
Hard Cost Contingency	\$ 1,015,165	
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 629,228	
Developer Costs	\$ 4,950,639	
<b>Total Uses</b>	<b>\$ 40,825,327</b>	

**Analyst Comments:**

None

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**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.

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**Total Points:**

81.5 out of 140 [See Attachment A]

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**Recommendation:**

Staff recommends that the Committee approves \$23,920,000 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	35
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	7.5
Service Amenities	10	10	5
New Construction or Substantial Renovation	10	10	10
Sustainable Building Methods	10	10	4
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
<b>Total Points</b>	<b>140</b>	<b>110</b>	<b>81.5</b>