

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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**Applicant:** Housing Authority of the County of Santa Barbara

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**Allocation Amount Requested:** Tax-exempt: \$22,500,000

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**Project Information:**

**Name:** The Residences at Depot Street Apartments  
**Project Address:** 301 North Depot Street  
**Project City, County, Zip Code:** Santa Maria, Santa Barbara, 93458

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**Project Sponsor Information:**

**Name:** The Residences at Depot Street, L.P. (Housing Authority of the County of Santa Barbara and Surf Development Company)  
**Principals:** Robert P. Havlicek Jr. and Irene Melton for the Housing Authority of the County of Santa Barbara and Surf Development Company  
**Property Management Company:** Housing Authority of the County of Santa Barbara

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**Project Financing Information:**

**Bond Counsel:** Orrick, Herrington & Sutcliffe LLP  
**Private Placement Purchaser:** MUFJG Union Bank, 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:** January 19, 2018  
**TEFRA Adoption Date:** February 6, 2018

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**Description of Proposed Project:**

**State Ceiling Pool:** General  
**Total Number of Units:** 80  
**Manager's Units:** 2 Restricted  
**Type:** New Construction  
**Population Served:** Family/Special Needs

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The Residences at Depot Street Apartments is a new construction project located in Santa Maria on a 2.71-acre site. The project consists of 80 restricted rental units, 2 of which will be restricted manager units. The project will have 6 studio units, 32 one-bedroom units, 36 two-bedroom units and 6 three-bedroom units. The two buildings will have three-stories and are wood frame construction. Common amenities include community room, laundry facilities and management offices. Each unit will have a refrigerator, range/oven, dishwasher and handicap accessible showers. There are 69 parking spaces provided. The construction is expected to begin in September 2018 and be completed in February 2020.

**Description of Public Benefits:**

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

10% (8 units) restricted to 50% or less of area median income households.  
90% (72 units) restricted to 60% or less of area median income households.

**Unit Mix:** Studio, 1, 2 & 3 bedrooms

The proposed project will not be receiving service amenity points.

**Term of Restrictions:**

**Income and Rent Restrictions:** 55 years

**Details of Project Financing:**

<b>Estimated Total Development Cost:</b>	\$ 35,103,908	
<b>Estimated Hard Costs per Unit:</b>	\$ 278,975	(\$22,318,006 /80 units including mgr. units)
<b>Estimated per Unit Cost:</b>	\$ 438,799	(\$35,103,908 /80 units including mgr. units)
<b>Allocation per Unit:</b>	\$ 281,250	(\$22,500,000 /80 units including mgr. units)
<b>Allocation per Restricted Rental Unit:</b>	\$ 281,250	(\$22,500,000 /80 restricted units)

<b>Sources of Funds:</b>	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 22,500,000	\$ 5,100,000
Tranche B Financing	\$ 0	\$ 7,000,000
LIH Tax Credit Equity	\$ 2,630,796	\$ 13,153,980
Surf Dev. GP Dvlper. Equity	\$ 0	\$ 49,421
HACSB Def. Developer Fee	\$ 3,705,079	\$ 3,268,875
HA of the County of Santa Barbara Crrybk. Loan	\$ 1,000,000	\$ 1,000,000
HA of the County of Santa Barbara GAP Loan	\$ 500,000	\$ 500,000
Santa Barbara Dept. Of Behav. Wellness MHSA	\$ 2,380,938	\$ 2,380,938
Santa Barbara County HOME/In-Lieu Funds	\$ 2,387,095	\$ 2,387,095
Solar Tax Equity	\$ 0	\$ 263,599
<b>Total Sources</b>	<b>\$ 35,103,908</b>	<b>\$ 35,103,908</b>

<b>Uses of Funds:</b>	
Land Cost/Acquisition	\$ 1,031,410
New Construction	\$ 20,836,044
Contractor Overhead & Profit	\$ 1,581,962
Architectural Fees	\$ 1,120,000
Survey and Engineering	\$ 80,000
Construction Interest and Fees	\$ 1,635,200
Permanent Financing	\$ 131,000
Legal Fees	\$ 110,000
Reserves	\$ 653,536
Appraisal	\$ 10,000
Hard Cost Contingency	\$ 1,115,000
Local Development Impact Fees	\$ 1,598,358
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 952,470
Developer Costs	\$ 4,248,928
<b>Total Uses</b>	<b>\$ 35,103,908</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:**

64.2 out of 140 [See Attachment A]

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**Recommendation:**

Staff recommends that the Committee approves \$22,500,000 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	25
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	9.2
Large Family Units	5	5	0
Leveraging	10	10	10
Community Revitalization Area	5	5	0
Site Amenities	10	10	10
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	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>120</b>	<b>64.2</b>