

BURBANK AVENUE APARTMENTS



A 64 Home Family Housing Community



MAY 2020 STREAMLINED APPLICATION FOR PROJECT-BASED VOUCHERS

Waterstone Residential, LLC	83-4424554
<i>Legal Name of Organization</i>	<i>Tax ID Number of Organization</i>
1270 Airport Boulevard, Santa Rosa CA 95403	
<i>Mailing Address</i>	
Chris Westlake	Financial Consultant
<i>Name of contact person for this application</i>	<i>Title</i>
916-872-3132	chris@chriswestlake.net
<i>Telephone</i>	<i>Email</i>
	<i>Organization website address</i>

Project Summary			
<i>Project Name</i>	Burbank Avenue Apartments		
<i>Project Address</i>	1400/1780 Burbank Avenue, Santa Rosa CA		
<p>Please indicate the additional funding source(s) and planned application date for which the project will compete: This development is applying for the 9% Disaster Credits that will be due July 1, 2020. If that funding round is not successful, then there will be a second application in March 2021 for the first round of 9% tax credits.</p> <p><i>The final award of PBVs is contingent upon the project's successful application for the funding listed above within two application rounds, or another funding source that will allow the project to follow a substantially similar timeline.</i></p>			
Project Type: <input type="checkbox"/> Existing Housing <input type="checkbox"/> Rehabilitation <input checked="" type="checkbox"/> New Construction	Estimated Date of Occupancy: 6/1/2022		
Number of Project-Based Vouchers Requested: 12	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; border-right: 1px solid black;"> Total units in this Project: 64 </td> <td style="width: 50%;"> Percent of units to be Project-Based: 18.75% </td> </tr> </table>	Total units in this Project: 64	Percent of units to be Project-Based: 18.75%
Total units in this Project: 64	Percent of units to be Project-Based: 18.75%		
<p>If the units to be Project-Based exceed 25 percent of the total units or 25 units, the units must be for one of the following special populations. If the proposal exceeds the cap, please indicate which special population the units will serve.</p> <p><input type="checkbox"/> Units exclusively for elderly families</p> <p><input type="checkbox"/> Units for households that are eligible for supportive services to be made available in the project</p>			

By signing this application, the following certifications are made by the applicant:

The information submitted in this application and any supporting materials is true, accurate and complete to the best of the applicants' knowledge;

The owner and its agents will comply with all applicable fair housing and civil rights requirements including those found in 24 CFR 5.105)(a), the Fair Housing Act, the Civil Rights Act of 1964, Section 504 of the Rehabilitation Act of 1973 and the Americans with Disabilities Act;

The owner and its agents will adhere to the Project-Based Voucher Program requirements in 24 CFR 983 and the Housing Opportunity Through Modernization Act of 2016;

The applicant acknowledges that any in-place existing tenants must not be displaced in order to qualify their units for Project-Based Voucher funding;

The applicant acknowledges that any material changes to the project not disclosed to and approved by the Housing Authority may result in a denial or termination of the AHAP or HAP contract. Material changes include but are not limited to: changes in the project design, amenities, number and size of units; changes to the development budget; changes to the proposed sales prices, rents or operating expenses; changes to the sources, amounts or terms of financing; changes to the ownership entity or key staff identified in this application or changes to other application items;


The applicant acknowledges that the information submitted as part of this application, except material considered confidential, may be made available to the public;

The applicant acknowledges that submitting an application does not promise or guarantee that the project will receive Project-Based Voucher funding;

Signature of Applicant(s)

Peter Schellinger

Name
Managing Member


Title


Signature
May 27, 2020

Date

Chris Westlake

Name
Financing Consultant

Title


Signature
May 27, 2020

Date

PROJECT NARRATIVE – Burbank Avenue Apartments

Introductory Statement

The Applicant, Waterstone Residential, LLC (“Waterstone”), is pleased to be applying to SRHA’s Project Based Vouchers program on behalf of a to-be-formed partnership with Burbank Housing Development Corporation (“Burbank”). An affiliate of Waterstone shall serve as the Administrative General Partner, while an affiliate of Burbank shall serve as the Managing General Partner of the newly formed partnership (“Partnership”). Waterstone has been taking the lead role in the development responsibilities and has assembled a local project team to execute on the program.

Project Description

Burbank Avenue Apartments is part of a larger site development plan (“Burbank Avenue Subdivision”) that will offer a total of 138 homes in a mix of housing types, including 62 single family homes, 12 duet row townhomes and 64 apartment homes. The Partnership is proposing to develop the apartments as a 100% affordable community, with Area Median Income (AMI) levels ranging from 30% to 60%. The community will feature a mix of homes that include 20 one-bedroom units, 25 two-bedroom units and 18 three-bedroom units as well as a two-bedroom unit for the manager (64 homes). Active and passive outdoor amenity spaces include barbeques, dining tables, child play areas and green space. In addition to its proximity to Roseland Elementary School, Burbank Avenue Apartments is within close walking distance of a future City park. These community amenities contribute to Burbank Avenue Apartments as an ideal family housing opportunity.

Project Status

The Burbank Avenue Subdivision application is scheduled for Design Review Board, Planning Commission and City Council hearings in June. If the application receives approval from the various bodies, the project will have all the required entitlements for Project Readiness by the 16th of June.

CTCAC 9% Disaster Relief Credits

Burbank Avenue Apartments will be competing in the July 1st, 9% disaster relief credit round. In addition to the 9% credits, the Partnership will also be applying for the Multifamily Housing Program (MHP) from the California Department of Housing and Community Development (HCD) later this year. Subsequently it will then be applying for 4% tax credits. Although Waterstone’s request for Project Based Vouchers is required for both the 9% and 4% applications, Waterstone is submitting its underwriting for the 9% round due to the timing of the application deadline.

Project Team

Burbank Housing, Santa Rosa, CA (Managing General Partner)

Waterstone Residential, Santa Rosa, CA (Administrative General Partner)

Jon Worden Architect, Healdsburg, CA (Design Architect)

Tierney Figueiredo Architects, Santa Rosa, CA (Executive Architect)

Munselle Engineering, Healdsburg, CA (Civil Engineer)

Resource Design, Santa Rosa, CA (Landscape Architect)

Wright Contracting, Inc., Santa Rosa, CA (General Contractor)

Burbank Avenue Elevation



Birdseye from Burbank Avenue



Burbank Avenue Subdivision Master Development Plan



PROJECT SUMMARY

5/27/2020

**Burbank Ave Apartments
Santa Rosa, CA
9% Tax Credits
64 Unit Family**

PROJECT DEAL STRUCTURE

Gross Revenues	
Development Fee	2,500,000
GC Fee	2,303,260
PV 15 Year Mgmt Fee	458,417
PV 15 Year Cash Flow	148,379

Development Costs:	
Reimbursement of Predev Exp	0
Hard Costs	20,606,973
Soft Costs	11,448,197
Total Development Costs	32,055,170

Sources:	
Federal LIHTC Equity	27,300,302
Permanent Loan	4,587,000
Deferred Developer Fee	167,867
MHP	0
CDBG DR	0
Santa Rosa Housing Trust Fund	0
	0
Total Sources	32,055,170

FINANCING ASSUMPTIONS

9% Tax Rate	9.00%
Annual Federal Tax Credits	3,033,670
Federal Tax Credit Price	\$ 0.9000
State Tax Credit Price	\$ -
Unloaded IRR	
Opr. Exp./Unit/Year	7,200
Replacement Reserves/Unit/Year	500
Vacancy Rate	5.00%
DCR	1.15
Perm Loan Amort	35
Interest Rate - Permanent Loan	5.56%
Interest Rate - Construction Loan	4.00%
9% Tiebreaker	
IIG Award	

PROJECT UNIT & INCOME MIX

AMI	1BR	2BR	3BR	4BR	Totals
	31.25%	40.63%	28.13%	0.00%	
60%	4	4	4	0	12
50%	4	7	3	0	14
40%	4	4	5	0	13
30%	8	10	6	0	24
Mgr.	0	1	0	0	1
Totals	20	26	18	0	64

PROJECT TIMING AND CREDIT DELIVERY

Tax Credit Allocation	July-20
Construction Begin - Initial Closing	December-20
Construction Complete	March-22
Lease Up Complete	May-22
Conversion/Stabilization	August-22
8609	February-23
Estimated 1st Year Credit Delivery (2020)	2,401,656
Estimated 2nd Year Credit Delivery (2021)	3,033,670
Estimated 3rd Year Credit Delivery (2022)	3,033,670

PROJECTED SOURCES AND USES OF FUNDS

Burbank Ave Apartments
Santa Rosa, CA

	Pre-Dev	Construction Period 12 months					Construction Subtotal	Completion/BE Qtrs 5 and 6	Conversion	8609	Total	
		Close	Quarter 1	Quarter 2	Quarter 3	Quarter 4						Quarter 5
		20%	20%	20%	20%	20%						
SOURCES OF FUNDS												
Federal LIHTC Equity		2,730,030	-	-	-	-	2,730,030	-	23,205,257	1,365,015	27,300,302	
State LIHTC Equity		-	-	-	-	-	-	-	-	-	-	
Construction Loan	232,000	5,482,859	4,103,920	4,390,138	4,196,055	4,463,928	3,759,477	26,628,376	544,640	(27,173,016)	-	
Permanent Loan		-	-	-	-	-	-	-	-	4,587,000	4,587,000	
Deferred Developer Fee		-	-	-	-	-	-	-	-	167,867	167,867	
MHP		-	-	-	-	-	-	-	-	-	-	
CDBG DR	\$0/bedroom	-	-	-	-	-	-	-	-	-	-	
Santa Rosa Housing Trust Fund		-	-	-	-	-	-	-	-	-	-	
Soft Loan Interest		-	-	-	-	-	-	-	-	-	-	
Total Sources of Funds	232,000	8,212,889	4,103,920	4,390,138	4,196,055	4,463,928	3,759,477	29,358,406	544,640	787,109	1,365,015	32,055,170
USES OF FUNDS												
ACQUISITION												
Land Cost	\$40,625/unit	2,600,000	-	-	-	-	-	2,600,000	-	-	-	2,600,000
Off-Site Improvements	\$0/unit	-	-	-	-	-	-	-	-	-	-	-
Legal & Carrying Costs		10,000	-	-	-	-	-	10,000	-	-	-	10,000
Total Land / Acquisitoin	\$40,625/unit	2,610,000	-	-	-	-	-	2,610,000	-	-	-	2,610,000
NEW CONSTRUCTION												
Off-Site Improvements	\$0.00/sq ft	400,303	-	-	-	-	-	400,303	-	-	-	400,303
Site Work	\$24.52/sq ft	-	283,755	283,755	283,755	283,755	-	1,135,021	-	-	-	1,135,021
Vertical	\$271.40/sq ft	-	3,044,022	3,044,022	3,044,022	3,044,022	3,140,749	15,316,839	-	-	-	15,316,839
General Requirements	4%	-	133,111.11	133,111	133,111	133,111	125,630	658,074	-	-	-	658,074
Contractor Overhead	6%	-	199,666.66	199,667	199,667	199,667	188,445	987,112	-	-	-	987,112
Contractor Profit	4%	-	133,111.11	133,111	133,111	133,111	125,630	658,074	-	-	-	658,074
Contractor General Liability Insurance		346,876	-	-	-	-	-	346,876	-	-	-	346,876
Other: Subcontractor bonds		123,389	-	-	-	-	-	123,389	-	-	-	123,389
Total New Construction	\$306,651/unit	\$339.18/sq ft	870,568	3,793,667	3,793,667	3,793,667	3,580,454	19,625,689	-	-	-	19,625,689
ARCHITECTURAL												
Design	50,000	400,000	-	-	-	140,000	-	590,000	-	-	-	590,000
Supervision		-	12,000	12,000	12,000	12,000	-	48,000	-	-	-	48,000
Total Architectural	50,000	400,000	12,000	12,000	12,000	152,000	-	638,000	-	-	-	638,000
SURVEY & ENGINEERING												
Engineering	90,000	75,000	15,000	15,000	15,000	15,000	-	225,000	-	-	-	225,000
ALTA Land Survey	15,000	-	-	-	-	-	-	15,000	15,000	-	-	30,000
Total Survey & Engineering	105,000	75,000	15,000	15,000	15,000	15,000	-	240,000	15,000	-	-	255,000
CONTINGENCY COSTS												
Hard Cost Contingency	5%	43,528	189,683	189,683	189,683	189,683	179,023	981,284	-	-	-	981,284
Soft Cost Contingency	5%	211,371	5,741	7,466	10,129	22,885	-	257,592	-	-	-	257,592
Total Contingency	-	254,899	195,425	197,149	199,812	212,568	179,023	1,238,876	-	-	-	1,238,876
CONSTRUCTION PERIOD EXPENSES												
Construction Loan Interest		-	70,828	112,822	156,076	198,929	-	538,655	464,640	-	-	1,003,295
Origination Fee	1.00%	271,730	-	-	-	-	-	271,730	-	-	-	271,730
Owner Paid Bonds	0.00%	-	-	-	-	-	-	-	-	-	-	-
Lender Inspection Fees		-	4,500	4,500	4,500	4,500	-	18,000	-	-	-	18,000
Taxes During Construction		2,500	-	-	-	-	-	2,500	-	-	-	2,500
Construction Management	0%	-	-	-	-	-	-	-	-	-	-	-
Insurance During Construction	0.75%	144,190	-	-	-	-	-	144,190	-	-	-	144,190
Title and Recording Fees		40,000	-	-	-	-	-	40,000	-	-	-	40,000
Other: Bank Due Diligence		25,000	-	-	-	-	-	25,000	-	-	-	25,000
Total Construction Period Expense	-	483,421	75,328	117,322	160,576	203,429	-	1,040,076	464,640	-	-	1,504,716
PERMANENT FINANCING EXPENSES												
Loan Origination Fees	0.00%	-	-	-	-	-	-	-	-	15,000	-	15,000
Title and Recording Fees		-	-	-	-	-	-	-	-	10,000	-	10,000
Total Permanent Financing	-	-	-	-	-	-	-	-	-	25,000	-	25,000

OPERATING BUDGET & INCOME ANALYSIS

Burbank Ave Apartments

Santa Rosa, CA

2020 TCAC

					Square	Total	TCAC	Utility	Monthly	Annual
Rent:	%AMI		Units	Feet/Unit	Sq. Ft.	Rents	Allowance	Net Rent	Net Rent	Rent
1BR/1BA	60%	6%	4	630	2,520	1,278	67	1,211	58,128	
1BR/1BA	50%	6%	4	630	2,520	1,065	67	998	47,904	
1BR/1BA	40%	6%	4	630	2,520	852	67	785	37,680	
1BR/1BA	30%	13%	8	630	5,040	639	67	572	54,912	
2BR/1BA	60%	6%	4	890	3,560	1,534	88	1,446	69,408	
2BR/1BA	50%	11%	7	890	6,230	1,278	88	1,190	99,960	
2BR/1BA	40%	6%	4	890	3,560	1,023	88	935	44,880	
2BR/1BA	30%	16%	10	890	8,900	767	88	679	81,480	
2BR/1BA	MGR	-	2%	1	890	890	0	0	0	0
3BR/2BA	60%	-	6%	4	1,130	4,520	1,772	109	1,663	79,824
3BR/2BA	50%	-	5%	3	1,130	3,390	1,476	109	1,367	49,212
3BR/2BA	40%	-	8%	5	1,130	5,650	1,181	109	1,072	64,320
3BR/2BA	30%	-	9%	6	1,130	6,780	886	109	777	55,944
Total Rents			64			56,080				743,652
Community Building				est only		1,782				
Corridors				est only		0				
Common Areas				est only		0				
Construction Square Feet						57,862				
Laundry					\$ 8.00	Per unit/ Per month				6,144
Other Income (App. Fees, Late, etc.)					\$ 4.00	Per unit/ Per month				
Sub-Total										749,796
Less: Vacancies @				5%						37,490
Rental Assistance @ FMR for 18.75% of Units										142,987
Total Income										\$855,293
Total Expenses					\$ 7,200	Per Unit				460,800
Other Fees					\$ -	Per Unit				0
Net Operating Income										\$394,493
Reserves					\$500.00/unit					32,000
MHP mandatory payment				0.42%						0
Services and Internet										20,000
Net Income Available for Debt Service										342,493

1.15

Perm Loan :

Loan Amount	4,587,000
Interest	5.56%
Term	35
Amortization	35
Debt Service Coverage	1.15
Monthly Payment	24,814
Annual Payment	297,762

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