



CSCDA
CALIFORNIA STATEWIDE COMMUNITIES
DEVELOPMENT AUTHORITY



SCIP
Statewide Community Infrastructure Program

NEWSLETTER

FEBRUARY 2022



Greetings - you are receiving this newsletter because you have been identified as a party that could potentially benefit from using the Statewide Community Infrastructure Program to finance impact fees and improvements related to new development projects or to refinance currently outstanding Special Assessment District or Community Facilities District debt.

You may reply directly to this email with any questions about participating in the Program.

Don't forget to add service@elabra.com to your contact list to ensure that future distributions land in your inbox!

Applications Open for SCIP 2022B Bonds

SCIP 2022B Applications Due April 1st!

Application deadline for the Statewide Community Infrastructure Program's Annual Summer "Series B" financing is April 1, 2022. SCIP 2022B is expected to price in August 2022 and close in September 2022. The schedule for SCIP 2022B is provided below:



Application Deadline

Applications due April 1, 2022

April 2022 - May 2022

Prepare Preliminary Engineer's Reports

June 2022

Commence Proceedings

August 2022

Hold public hearing to approve Bond Sale

August 2022 - September 2022

Sell Bonds and Deliver Funds



Recent Bond Sale

**City of San Diego (3Roots San Diego AD)
\$21.57 Million 2022 SCIP Revenue Bonds (Taxable)**



3Roots San Diego is a master planned community located in the surrounding hills of Sorrento Mesa in the City of San Diego. Consisting of approximately 413 acres, the 3Roots project is expected to include up to 1,800 residential units, 160,000 square feet of non-residential uses, a 1.5-acre transit center and over 180 acres of preserved open space. Other project amenities include fifteen acres of HOA maintained parks, a 10,000 square foot recreation center, two swimming pools and six miles of hiking trails.

The 3Roots San Diego project is a joint venture of Mesa Canyon Community Partners LLC, which includes Lennar Homes as the Master Developer and Shea Homes and Cal West as member builders. The 3Roots San Diego (Districts I & II) will entail 185 single family and 643 attached multi-family units and fund parks and transportation components of the City's area of benefit fees program.

The taxable 2022 Bonds were non-rated and sold on February 11, 2022. Total par amount was \$21.57 million and the rate was 5.84%. Final maturity is in 30 years. At the time of sale 37 homes had been sold and closed, while another 290 homes were sold, but in escrow. The Value-to-Lien ratio was 10.17x.

Over \$24 million of total orders were received from investors, including nearly \$4.2 million of orders from individual retail investors.

Sale in Progress: SCIP 2022A Bonds (\$24 million)

SCIP 2022A remains on schedule with the public hearing to be held on April 4, 2022. The bond sale will occur the week of April 18th, with close and delivery of funds in mid-May. The estimated total par amount is approximately \$24 million. There are a total of fifteen projects located throughout California. When complete, these developments will add 1,233 residential units to the California housing market. We look forward to a successful bond sale in May, which is expected to include both tax-exempt and taxable components.

| Local Agency | Project | Developer | No. of Units | Estimated Par Amount |
|-------------------------|--|---|--------------|----------------------|
| City of Bakersfield | Morningstar Ranch (Phase I) | LGI Homes - California, LLC | 62 | \$895,000 |
| City of Lincoln | Turkey Creek Estates (Units 1B & 1C) | Elliott Homes, Inc. | 177 | 3,074,000 |
| City of Roseville | 751 Roseville Parkway | Ridge Capital, Inc. | n/a | 1,373,000 |
| City of Galt | Cardoso II | The True Life Companies | 87 | 3,020,000 |
| | Cedar Flats (Phase II) | Tim Lewis Communities | 49 | 1,529,000 |
| City of Rancho Cordova | Rio Del Oro (Villages 67A and 67B) | Elliott Homes, Inc | 253 | 2,753,000 |
| City of Sacramento | Portrero | Next Generation Capital | 14 | 452,000 |
| | L32 | Next Generation Capital | 6 | |
| | Morey Place | CEC Homes | 97 | 2,425,000 |
| | Morrison Estates | CEC Homes | 36 | |
| City of Yucaipa | Artisan | Far West Industries | 70 | 2,156,000 |
| City of San Marcos | San Marcos Highlands | KB Home California LLC | 187 | 1,549,000 |
| City of West Sacramento | Newport Estates (Unit 12 - Tract 5129) | Seecon Financial and Construction Co., Inc. | 99 | 1,748,000 |
| City of Wheatland | Caliterra Ranch (Village I) | K. Hovnanian California Region, Inc. | 55 | 1,614,000 |
| County of Yuba | South Orchard Estates | LGI Homes - California, LLC | 41 | 1,367,000 |
| Total | 15 Projects | | 1,233 | \$23,955,000 |

Upcoming Bond Sales

City of Hesperia Tapestry AD, 2022 Bonds (\$8 million)



CSCDA has formed the Tapestry (Phase I) Assessment District (the "Project") to finance impact fees that will be put forth for the various public improvements to Rancho Road. The improvements are necessary to provide transportation infrastructure to service the development expected to occur within the Project.



The Project is the first phase of a master planned community located in the City of Hesperia and the County of San Bernardino that will ultimately include nine phases of development and approximately 15,663 total residential units, as well as six elementary schools, one middle school, one high school and over 750,000 square feet of commercial development. The Project is being developed by Tapestry, LLC in partnership with DMB Development as the project manager, and Phase I is expected to encompass 2,104 residential units, an elementary school, wastewater treatment facility and several parks.

The Phase I bonds will fund approximately \$6 million of traffic fees which is a portion of the City's contribution to the Rancho Road project. Total project costs are estimated to be \$48 million from a combination of sources which include the County, SBCTA, grants and the City's portion of pre-funded traffic fees through SCIP. This shows how SCIP can be used by Local Agencies to pre-fund fees for major infrastructure projects in order to fill a funding gap.

County of San Diego/Rainbow Municipal Water Department Citro CFD, 2022 Bonds (\$15 million)

CSCDA is forming the Citro CFD (formerly known as Meadowood CFD), which is located in the City of Fallbrook in San Diego County. The District is expected to encompass 390 acres and a total of 844 single- and multi-family units are expected to be built over the life of the development. TriPointe Homes is the developer.

The Citro planned development will include six residential neighborhoods, each with their own unique look and feel, as well as a school, 10-acre public park, community gardens, 14 acres of trails and a recreation center with a pool and community lounge. Approximately, 235 acres will be open space, which includes 50 acres preserved as agricultural open space, including centrally located community avocado and citrus groves. The land Citro is being built upon was formerly dedicated for farming and agricultural uses.



The CFD is anticipated to authorize the issuance of up to \$37 million of Special Tax Bonds to finance the construction of various public improvements and facilities necessary to support the residential development of the Project. The first series of bonds for the project are expected to be sold during the 3rd or 4th quarter of 2022.



City of Banning

Atwell (Improvement Area No. 2), 2022 Bonds (\$15 million)

SCIP is planning another bond sale for the Atwell CFD in the City of Banning. This will be the second series of bonds sold for this project. The first series of non-rated tax-exempt bonds were sold in March 2021.



The Atwell CFD, which is currently comprised of Improvement Area No. 1 and Improvement Area No. 2, encompasses approximately 160 gross acres and is entitled for the development of 834 single-family residential units. Improvement Area No. 2 is expected to include a total of 355 residential units. Homes are expected to sell at a base price of \$426K to over \$550K. TriPointe Homes is the developer of the Atwell project.



The 2022 Bond sale will be for Improvement Area No. 2, which is the 2nd phase of the larger planned Atwell community. Bond proceeds will be primarily used to finance a portion of the costs of acquiring certain public infrastructure improvements. The non-rated tax-exempt 2022 Bonds are expected to be sold during the 1st or 2nd quarter of 2022.



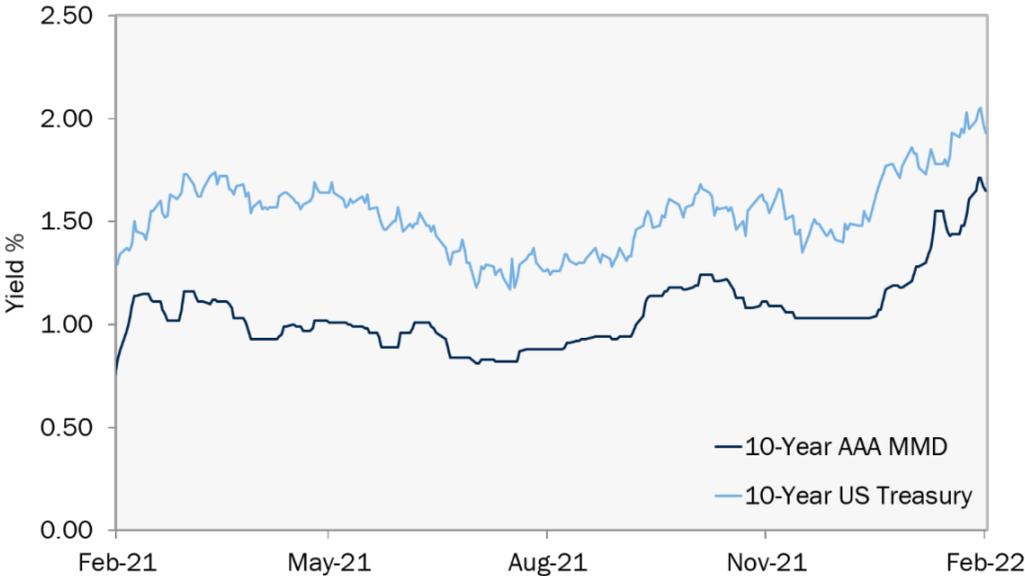
Market Update

A sharper than expected change in tone by the Federal Reserve, which has turned more hawkish as of late due to higher-than-expected inflation data prints over the past several weeks, has led to increased fear and volatility in the fixed income and equity markets. From the start of 2022 through February 18th, U.S. Treasury yields have increased by 30 basis points in the 10-year range, currently at 1.92%, and by 23 basis points in the 30-year range, which is currently at 2.24%. The S&P 500 over the same period has moved from 4,796.56 to 4,348.87, a total decline of 9.33%.

While U.S. Treasury yields have moved lower noticeably over the past week, primarily due to concerns of potential Russian military activity in Ukraine (i.e., "flight to quality bid"), the equity markets have not been so fortunate. The President's Day holiday-shortened week is anticipated to reflect further pain to the stock market, as equity investors continue to offload risk in favor of more defensive positions. However, U.S. Treasury yields are expected to continue to rise over the course of the year, with some market analysts expecting as many as seven rate hikes in the Fed funds rate by the end of 2022.

Like their U.S. Treasury counterparts, the tax-exempt municipal market has also been challenged with increased volatility and higher interest rates. Since the start of the year, benchmark "AAA" MMD yields in the 10- and 30-year range - currently at 1.65% and 2.02% - are higher by 61 and 52 basis points, respectively. Year-to-date, muni issuance volume totaled approximately \$51.8 billion, down 13% from issuance levels seen over the same period in 2021. Lower supply has helped keep credit spreads from widening further and tempered further increases in absolute yields. With that said, municipal bond fund flows have also been negative in four of the last five weeks, resulting in total net outflows of \$5.7 billion. This includes high-yield bond funds experiencing \$776 million of outflows.

10-Year US Treasury vs. 10-Year AAA MMD (February 2021 - Present)



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