



CSCDA
CALIFORNIA STATEWIDE COMMUNITIES
DEVELOPMENT AUTHORITY



SCIP
Statewide Community Infrastructure Program

NEWSLETTER

SEPTEMBER 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 2023A Bonds

SCIP 2023A Applications Due December 1st!

Application deadline for the Statewide Community Infrastructure Program's Annual Spring "Series A" financing is December 1, 2022. SCIP 2023A is expected to price in April 2023 and close in May 2023. The schedule for SCIP 2023A is provided on the following page:



Application Deadline

Applications due December 1, 2022

December 2022 - January 2023

Prepare Preliminary Engineer's Reports

February 2023

Commence Proceedings

April 2023

Hold public hearing to approve Bond Sale

April 2023 - May 2023

Sell Bonds and Deliver Funds



Sale in Progress: SCIP 2022C Bonds (\$37 million)

SCIP 2022C remains on schedule with the public hearing to be held on November 17, 2022. The bond sale will occur the week of November 28th, with close and delivery of funds around mid-December. Estimated total par amount is approximately \$37 million. Up to \$20 million of development impact fees and \$13 million of public improvements are expected to be funded. The 15 projects participating in SCIP 2022C are located throughout California and when complete these developments will add up to 1,262 residential units to the California housing market. We look forward to a successful bond sale in late-November/early-December.

Local Agency	Project	Developer	No. of Units	Est. Par Amount
Brentwood, City of	Parkside	Richmond American Homes	36	\$1,901,000
Oakley, City of	Pheasant Meadows	Discovery Builders, Inc.	50	2,520,000
El Dorado, County of	Ridgeview Village 9	The New Home Company	44	3,988,000
Bakersfield, City of	Harvest Grove (Phase 1)	LGI Homes - California, LLC	82	1,166,000
Coachella Valley Water District	Almeria at Espana	Lennar Homes of California, LLC	115	1,265,000
Sacramento, County of	Caselman South	Beazer Homes Holdings, LLC	90	2,768,000
	Park Place	Owen Sullivan	48	1,300,000
Victorville, City of	Desert Willow Village	LGI Homes - California, LLC	40	1,038,000
Yucaipa, City of	Creekside Collection	RC Hobbs Company/ Century American Development Company	44	1,409,000
	Peppertree Court	Far West Pacific Development, LLC	22	505,000
San Diego, City of	Epoca	Lennar Homes of California, LLC	249	7,108,000
Manteca, City of	Denali - Unit 2 (Phase I)	Trumark Homes	142	4,836,000
	Foxboro Knoll	Pulte Home Company, LLC	58	2,417,000
Vacaville, City of	Villages at Vanden Meadows (Phases 1A and 1B)	Meritage Homes of California, Inc.	152	2,480,000
Wheatland, City of	Caliterra Ranch (Village II)	K. Hovnanian California Region, Inc.	90	2,610,000
Total	15 Projects		1,262	\$37,311,000

Recent Bond Sale

CSCDA SCIP Revenue Bonds, Series 2022B (\$12.445 MM)

On August 24, 2022, the California Statewide Communities Development Authority ("CSCDA") sold the 2022B Bonds, A total of \$12.445 million of tax-exempt bonds were sold to five institutional accounts and various retail investors. Total orders generated was \$16.6 million, of which \$5.8 million were from retail buyers.

The SCIP 2022B Bonds were comprised of nine residential projects and sported a value-to-lien of 11.91x at the time of bond sale. A total of 89 building permits that had been issued to that point. Upon full build out, the nine residential projects are expected to add 615 residential units to the California housing supply. Projects are located across California. Over \$3.4 million of impact fees and \$6.4 million of public improvements were funded through the sale of the SCIP 2022B Bonds.

The SCIP 2022B Bonds were non-rated and had a final maturity in 30 years. A common debt service reserve fund provides additional security for the payment of principal and interest and the SCIP 2022B Bonds may be optionally redeemed at par in ten years. Despite challenging market conditions, that reflected a significant upward shift in long-term tax-exempt interest rates, as well as substantial outflows from municipal bond funds, the SCIP 2022B Bonds were well-received by the investor community. The SCIP 2022B Bonds were sold at an interest rate of 5.073%.



Upcoming Bond Sales

CSCDA Community Facilities District No. 2015-01 (University District - Improvement Area No. 3) Special Tax Bonds, Series 2022 (\$9.5 million)

SCIP is planning another bond sale for the University District. This time for Improvement Area No. 3 ("IA-3"). This CFD is located in the City of Rohnert Park and Sonoma County and is being developed by Brookfield Homes. When fully developed, University District will include 1,236 single family homes, 218 affordable multi-family units and 100,000 square feet of mixed-use commercial space. Public amenities include, two public parks, two water quality/detention basins, and creeks, wetlands and open space buffers.

The CFD was formed in 2015, and Vast Oaks West (IA-1) is fully developed with 399 homes sold. Vast Oaks East (IA-2) is well underway and will comprise 428 single family homes upon completion. CSCDA has issued over \$33 million of bonds for Vast Oaks West and Vast Oaks East to date. The CFD lien for these two CFD zones are now closed.

The CFD is anticipated to authorize the issuance of up to \$15 million of Special Tax Bonds to finance the construction of various public improvements and facilities necessary to support the residential development of up to 206 single family homes. The Bonds are expected to be sold during October 2022.



CSCDA Community Facilities District No. 2018-02 (McSweeny Farms - Improvement Area No. 1) Special Tax Bonds, Series 2022 (\$8 million)



CSCDA is planning another bond sale for Improvement Area No. 1 ("IA-1") in the McSweeny CFD, located in the City of Hemet in Riverside County. The CFD is part of McSweeny Farms, a 673-acre master-planned community of 1,640 single family residences and premier amenities being developed by Raintree Partners.



The simple lifestyle at McSweeny Farms is elevated by The Farm House community center and prestigious amenities including a resort-style pool and fitness center, community parks, miles of trails and community vegetable garden. Also, located only a mile away is Diamond Valley Lake, a premium outdoor recreational activities center that can be enjoyed by the entire family.



The CFD includes two improvement areas. IA-1 is planned for 496 single-family homes and Improvement Area No. 2 ("IA-2") is planned for 834 single-family homes. Development in IA-1 is well underway. IA-1 is authorized to issue up to \$25 million of bonds and the planned bond sale is for approximately \$8 million. The Bonds are expected to be sold October 2022.

Market Update

U.S. Treasury yields continue to increase, with 10- and 30-year rates at 3.41% and 3.47% as of September 14th. Hawkish commentary from Fed officials solidified expectations of a 75bp hike at the September 21st FOMC meeting. Fed funds futures are now fully pricing in a 75bp September hike, followed by 50bp in November and 25bp in December. Economic data releases remain mixed, but show that concerns over inflation will remain at least over the near-term. The latest ISM data revealed stronger-than-forecasted growth in the services sector in August (56.9 vs. 55.1 expected), while the August U.S. Inflation Rate (8.3%) came in above consensus (8.1%), but slightly lower compared to the prior month (8.5%). The U.S. Core Inflation Rate for August (6.3%) was higher relative to the prior month (5.9%) and higher than consensus forecast (6.1%). U.S. August PPI for August came in line with consensus (-0.1%) and was higher than the prior month (-0.4%).

US IG/corporate issuance totaled \$52bn last week, while another \$35bn are expected to price this week. Year-to-date supply stands at \$995bn. Municipal issuance totaled \$6.7bn last week and this week's calendar is expected to total \$8.9bn, bringing year-to-date issuance to \$277bn, down 14% from last year. Of that amount, California land secured bonds comprised nearly \$1.5bn, including \$133 million senior managed by RBC Capital Markets.

Municipal bond funds posted another week of outflows, losing \$1.09bn last week; cumulative weekly outflows stand at \$53bn this year. The lower issuance activity should provide some support on the bid side, which may help mitigate the impact of continued outflows out of municipal bond funds. Municipal bond yields also rose across the curve, with the 10- and 30-year "AAA" MMD at 2.82% and 3.58% as of September 14th.

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



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