

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
September 18, 2013
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Richard Fischer

Applicant: California Statewide Communities Development Authority

Allocation Amount Requested:
Tax-exempt: \$5,500,000

Project Information:
Name: Campina Court Apartments
Project Address: 9000 Campina Drive
Project City, County, Zip Code: La Mesa, San Diego, 91942

Project Sponsor Information:
Name: La Mesa 614, L.P. (USA La Mesa 614, Inc. and Riverside Charitable Corporation)
Principals: Geoffrey C. Brown, Edward R. Herzog, Michael J. McCleery, Karen McCurdy, Darren Bobrowsky and Valerie Silva for USA La Mesa 614, Inc.; Ken Robertson, Craig Gillett, Penny LaRue, Stewart Hall, Trisha Hockings, Gregg Rogers for the Riverside Charitable Corporation.
Property Management Company: USA Multifamily Management, Inc.

Project Financing Information:
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Private Placement Purchaser: Citibank, N.A.
TEFRA Hearing Date: August 13, 2013

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 59, plus 1 manager unit
Type: Acquisition and Rehabilitation
Type of Units: Family

Campina Court is an existing 60 unit large family apartment community constructed in 1995. The project is on a 3.14 acre site off of a cul-de-sac and has five three-story buildings. Units feature central heat and air conditioning, fully cabineted kitchens, refrigerators, electric ranges/ovens and garbage disposals. Each unit has a private patio/balcony. On site there is a clubhouse with a kitchen, leasing office, television and computer station. There is a laundry room in each of the five buildings. The site has one child's tot lot. Planned renovations to the individual units will include new energy star rated appliances, ceiling fans, cabinetry hardware, garbage disposals, plumbing repair and fixtures, and HVAC systems. Improvements to building exteriors will include exterior painting, new exterior lighting and solar thermal hot water generation systems. Overall site improvements include new landscape and irrigation enhancements, an updated clubhouse/leasing office, sport court, BBQ and picnic area and driveway repair and resurfacing.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
20% (12 units) restricted to 50% or less of area median income households.
80% (47 units) restricted to 60% or less of area median income households.
Unit Mix: 2 & 3 bedrooms

Service amenities provided are Instructor-led educational, health and wellness or skill building classes and health and wellness individualized programs.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$	8,794,761	
Estimated Hard Costs per Unit:	\$	27,361	(\$1,614,272 /59 units)
Estimated per Unit Cost:	\$	149,064	(\$8,794,761 /59 units)
Allocation per Unit:	\$	93,220	(\$5,500,000 /59 units)
Allocation per Restricted Rental Unit:	\$	93,220	(\$5,500,000 /59 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 5,500,000	\$ 5,500,000
Developer Equity	\$ 1,025,635	\$ 191,034
LIH Tax Credit Equity	\$ 1,675,932	\$ 2,510,533
Other (credit for repairs and NOI during const.)	\$ 593,194	\$ 593,194
Total Sources	\$ 8,794,761	\$ 8,794,761

Uses of Funds:	
Acquisition/Land Purchase	\$ 4,910,000
Hard Construction Costs	\$ 1,614,272
Architect & Engineering Fees	\$ 20,000
Contractor Overhead & Profit	\$ 102,689
Developer Fee	\$ 1,025,635
Cost of Issuance	\$ 331,800
Capitalized Interest	\$ 311,536
Other Soft Costs (Marketing, etc.)	\$ 478,829
Total Uses	\$ 8,794,761

Description of Financial Structure and Bond Issuance:

Citibank, N.A. has committed to fund the amount awarded by CDLAC to the issuer, the California Statewide Communities Development Authority to directly purchase the tax-exempt bonds allocated to Campina Court Apartments for construction and term financing. The terms are \$5,500,000 loan during construction period and \$5,500,000 during the 17 year permanent loan term with a 35 year amortization schedule. The underwriting interest rate is estimated to be 5.091%.

Analyst Comments:

Not Applicable

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.

Total Points: 64.1 out of 130

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$5,500,000 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
Federally Assisted At-Risk Project or HOPE VI Project	20	20	0
Exceeding Minimum Income Restrictions:	35	15	30
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Federally Assisted At-Risk Project or HOPE VI Project]	[10]	[10]	6.6
Gross Rents	5	5	5
Large Family Units	5	5	5
Leveraging	10	10	0
Community Revitalization Area	15	15	0
Site Amenities	10	10	7.5
Service Amenities	10	10	10
New Construction	10	10	0
Sustainable Building Methods	10	10	0
Negative Points	-10	-10	0
Total Points	130	100	64.1

The criteria for which points are awarded will also be incorporated into the Resolution transferring Allocation to the Applicant as well as the appropriate bond documents and loan and finance agreements.