

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
January 29, 2014
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: \$16,000,000

Project Information:
Name: Rio Vista Apartments
Project Address: 1190 West San Ysidro Boulevard
Project City, County, Zip Code: San Ysidro, San Diego, 92173

Project Sponsor Information:
Name: Standard Rio Vista LP (Standard Rio Vista GP LLC and Housing On Merit)
Principals: Scott Alter, Jeffrey Jaeger, Thomas Coates and Curtis Gardner for Standard Rio Vista GP LLC; Jennifer Litwak, Douglas Eisner and Jonathan Kaufman for Housing On Merit.
Property Management Company: Apartment Management Consultants (AMC)

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: June 25, 2013

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 159, plus 2 manager units
Type: Acquisition and Rehabilitation
Type of Units: Family

Rio Vista Apartments project is situated on 9.92 acres with 12 two-story apartment buildings. There are 94 two-bedroom/one-bath, 26 two-bedroom/two-bath, and 41 three-bedroom/two-bath apartment homes. A community building along with laundry facility, leasing center, clubhouse and two children's playgrounds are also featured in the project. Renovations will include interior upgrades in the bathrooms and kitchens, new appliances, cabinetry, countertops, light fixtures, and paint. The renovations are scheduled to be completed by December 2014.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
10% (16 units) restricted to 50% or less of area median income households.
90% (143 units) restricted to 60% or less of area median income households.
Unit Mix: 2 & 3 bedrooms

Service amenities include after school programs and instructor-led educational, health and wellness or skill building classes.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost: \$ 30,993,877
Estimated Hard Costs per Unit: \$ 22,138 (\$3,519,901 /159 units)
Estimated per Unit Cost: \$ 194,930 (\$30,993,877 /159 units)
Allocation per Unit: \$ 100,629 (\$16,000,000 /159 units)
Allocation per Restricted Rental Unit: \$ 100,629 (\$16,000,000 /159 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 16,000,000	\$ 16,000,000
Taxable Bond Proceeds	\$ 6,000,000	\$ 6,000,000
Deferred Developer Fee	\$ 575,877	\$ 575,877
LIH Tax Credit Equity	\$ 8,418,000	\$ 8,418,000
Total Sources	\$ 30,993,877	\$ 30,993,877
Uses of Funds:		
Acquisition/Land Purchase	\$ 22,100,000	
Hard Construction Costs	\$ 3,519,901	
Architect & Engineering Fees	\$ 55,000	
Contractor Overhead & Profit	\$ 454,987	
Developer Fee	\$ 2,500,000	
Cost of Issuance	\$ 1,577,611	
Other Soft Costs (Marketing, etc.)	\$ 786,378	
Total Uses	\$ 30,993,877	

Description of Financial Structure and Bond Issuance:

California Statewide Communities will be issuing the bonds. Citibank will provide short term interim financing with Dougherty Mortgage LLC as the qualified HUD lender providing the construction and permanent loans. Citibank's terms are .40% spread to the 1-year MMD Index. Dougherty Mortgage terms are 35 years with a loan constant 4.935% rate.

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:

63 out of 130

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$16,000,000 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	25
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Federally Assisted At-Risk Project or HOPE VI Project]	[10]	[10]	0
Gross Rents	5	5	5
Large Family Units	5	5	0
Leveraging	10	10	0
Community Revitalization Area	15	15	10
Site Amenities	10	10	5
Service Amenities	10	10	10
New Construction	10	10	0
Sustainable Building Methods	10	10	8
Negative Points	-10	-10	0
Total Points	130	100	63

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.