

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
July 16, 2014
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Leslie J. Campaz

Applicant: California Municipal Finance Authority

Allocation Amount Requested:
Tax-exempt: \$8,000,000

Project Information:
Name: Villa Primavera Apartments
Project Address: South side of Meadows Dr. between Rancho Frontera Ave.
and Andrade Ave.
Project City, County, Zip Code: Calexico, Imperial, 92231

Project Sponsor Information:
Name: Villa Primavera CIC, LP (Southern California Housing
Collaborative; Chelsea Investment Corporation)
Principals: Robert McMahon, Robert Laing, George Brewster, Linda
Hermanson, Nathan Schmid, Michael McSweeney and Jim Neil
for Southern California Housing Collaborative; James J.
Schmid, Cheri Hoffman, Charles A. Schmid and Lynn
Harrington Schmid for Chelsea Investment Corporation
Property Management Company: CIC Management, Inc.

Project Financing Information:
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Underwriter: Not Applicable
Private Placement Purchaser: Rabobank, NA
TEFRA Adoption Date: March 18, 2014

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 47, plus 1 manager unit
Type: New Construction
Type of Units: Family/Special Needs

The proposed new construction development will be a 48 unit multifamily complex, to be located in the City of Calexico, California. The proposed project will target families and special needs families earning up to 60% of the area median income. The project will consist of 4 two-story garden style residential buildings consisting of 12 one-bedroom units, 20 two-bedroom units and 15 three-bedroom units. Of the 48 units, 17 will be set aside for households with a developmental disability. Unit amenities will include refrigerator, oven/stove, dishwasher, disposal, central air, blinds, and carpet. On-site amenities will include a community center with computer lab, BBQ and picnic area, tot lot, carports, laundry facilities, basketball court, and on-site management.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
87% (41 units) restricted to 50% or less of area median income households.
13% (6 units) restricted to 60% or less of area median income households.
Unit Mix: 1, 2 & 3 bedrooms

No service amenities will be provided.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$	12,232,791	
Estimated Hard Costs per Unit:	\$	131,812	(\$6,195,209 /47 units)
Estimated per Unit Cost:	\$	260,272	(\$12,232,791 /47 units)
Allocation per Unit:	\$	170,213	(\$8,000,000 /47 units)
Allocation per Restricted Rental Unit:	\$	170,213	(\$8,000,000 /47 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 8,000,000	\$ 0
Direct and Indirect Public Funds	\$ 1,989,520	\$ 7,290,000
Deferred Costs	\$ 1,352,574	\$ 0
LIH Tax Credit Equity	\$ 890,697	\$ 4,453,484
Deferred Developer Fee	\$ 0	\$ 489,307
Total Sources	<u>\$ 12,232,791</u>	<u>\$ 12,232,791</u>

Uses of Funds:	
Acquisition/Land Purchase	\$ 815,000
New Construction Costs	\$ 7,003,829
Architectural	\$ 315,000
Survey & Engineering	\$ 180,000
Contingency Costs	\$ 455,070
Construction Period Expenses	\$ 579,749
Legal Fees	\$ 180,000
Reports and Studies	\$ 80,000
Permanent Financing Expenses	\$ 12,026
Other	\$ 942,214
Developer Costs	\$ 1,407,302
Capitalized Reserves	\$ 262,602
Total Uses	<u>\$ 12,232,792</u>

Description of Financial Structure and Bond Issuance:

This will be a private placement bond transaction with the bonds being purchased by Rabobank, N.A. The bonds will be issued by the California Municipal Finance Authority. The bond amount will be for \$8,000,000 during construction. There is no permanent financing. During construction, the bonds will be interest only and have floating interest rates at one-month LIBOR plus 250 bps, with a floor of 3.50%. The construction loan will mature twenty four (24) months following the date of recordation of the Deed of Trust.

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: 62.5 out of 130

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$8,000,000 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	35
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	5
Leveraging	10	10	0
Community Revitalization Area	15	15	0
Site Amenities	10	10	7.5
Service Amenities	10	10	0
New Construction	10	10	10
Sustainable Building Methods	10	10	0
Negative Points	-10	-10	0
Total Points	130	100	62.5

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.