

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
October 19, 2016
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Felicity Wood

Applicant: California Municipal Finance Authority

Allocation Amount Requested:
Tax-exempt: \$9,294,472

Project Information:
Name: Villa Pacifica II Apartments
Project Address: 7418 Archibald Avenue
Project City, County, Zip Code: Rancho Cucamonga, San Bernardino, 91730

Project Sponsor Information:
Name: Villa Pacifica II, LP (OHDC Villa Pacifica LLC and C&C Villa Pacifica LLC)
Principals: Eunice Bobert for OHDC Villa Pacifica LLC; Todd R. Cottle, Cottle Family Trust for C&C Villa Pacifica LLC
Property Management Company: Advanced Property Services, LLC

Project Financing Information:
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Private Placement Purchaser: Bank of America, N.A. (construction) and California Community Reinvestment Corporation (CCRC) (permanent)
Public Sale: Not Applicable
Underwriter: Not Applicable
TEFRA Noticing Date: August 1, 2016
TEFRA Adoption Date: August 17, 2016

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 59, plus 1 manager unit
Type: New Construction
Type of Units: Senior Citizens

Villa Pacifica II is a new construction project that will provide 59 affordable, senior rental units and a manager unit. The development will be constructed on approximately 2.25 acres and will provide 48 one-bedroom units and 12 two-bedroom units. The single, 3-story building will be constructed as on-grade foundation with stucco and stone exterior. Five units will be rented at 30% of the Area Median Income (AMI), seven units at 50% of AMI, and 47 units at 60% of AMI. The one remaining unit will be designated as a manager's unit. Planned design elements include environmentally sensitive landscaping, installation of energy efficient HVAC units and water heaters, and installation of high efficiency toilets. The project site is in proximity to site amenities that include a pharmacy, clinic, library, market, park, church, and public transportation. Construction is scheduled to begin February 2017 and to be completed August 2018.

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: 1 & 2 bedrooms

The proposed project will not be providing service amenities.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost: \$ 16,364,551
Estimated Hard Costs per Unit: \$ 119,601 (\$7,056,437 /59 units)
Estimated per Unit Cost: \$ 272,743 (\$16,364,551 /60 units including mgr units)
Allocation per Unit: \$ 157,533 (\$9,294,472 /59 units)
Allocation per Restricted Rental Unit: \$ 157,533 (\$9,294,472 /59 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 9,294,472	\$ 1,927,640
LIH Tax Credit Equity	\$ 0	\$ 5,617,246
Developer Equity	\$ 391,136	\$ 100
City of Rancho Cucamonga	\$ 5,683,821	\$ 6,683,555
Deferred Developer Fee	\$ 808,432	\$ 600,000
Tranche B Loan	\$ 0	\$ 1,536,010
Deferred Costs	\$ 186,690	\$ 0
Total Sources	\$ 16,364,551	\$ 16,364,551

Uses of Funds:	
Land Cost/Acquisition	\$ 3,000,000
New Construction	\$ 7,207,284
Contractor Overhead & Profit	\$ 895,286
Architectural Fees	\$ 430,000
Survey and Engineering	\$ 200,000
Construction Interest and Fees	\$ 845,801
Permanent Financing	\$ 36,510
Legal Fees	\$ 65,000
Reserves	\$ 142,500
Appraisal	\$ 20,000
Contingency Cost	\$ 500,965
Local Development Impact Fees	\$ 1,172,276
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 848,929
Developer Costs	\$ 1,000,000
Total Uses	\$ 16,364,551

Analyst Comments:

None

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:

77 out of 140

[See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$9,294,472 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
Preservation Project	20	20	0
Exceeding Minimum Income Restrictions:	35	15	30
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	10
Gross Rents	5	5	5
Large Family Units	5	5	0
Leveraging	10	10	10
Community Revitalization Area	5	5	0
Site Amenities	10	10	10
Service Amenities	10	10	0
New Construction or Substantial Renovation	10	10	10
Sustainable Building Methods	10	10	2
Forgone Eligible Developer Fee (Competitive Allocation Process Only)	10	10	0
Minimum Term of Restrictions (Competitive Allocation Process Only)	10	10	0
Negative Points (No Maximum)	-10	-10	0
Total Points	140	120	77

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.