

**THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**  
**March 15, 2017**  
**Staff Report**  
**REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A**  
**QUALIFIED RESIDENTIAL RENTAL PROJECT**

*Prepared by: Ruben Barcelo*

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**Applicant:** California Statewide Communities Development Authority

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**Allocation Amount Requested:**  
**Tax-exempt:** \$42,000,000

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**Project Information:**  
**Name:** Summer Field Apartments (scattered site)  
**Project Address:** 83385 Gemini Street and 83255 Date Street  
**Project City, County, Zip Code:** Indio, Riverside, 92201

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**Project Sponsor Information:**  
**Name:** Summer Field Community Partners, LP (JHC-Summer Field, LLC; and WNC-Summer Field GP, LLC)  
**Principals:** Marcy V. Finamore for JHC-Summer Field, LLC; and Anand Kannan and Wilfred N. Cooper, Jr. for WNC-Summer Field GP, LLC  
**Property Management Company:** FPI Management, Inc.

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**Project Financing Information:**  
**Bond Counsel:** Orrick, Herrington & Sutcliffe LLP  
**Private Placement Purchaser:** Jones Lang LaSalle Multifamily, LLC  
**Cash Flow Permanent Bond:** Not Applicable  
**Public Sale:** Not Applicable  
**Underwriter:** Not Applicable  
**Credit Enhancement Provider:** Not Applicable  
**TEFRA Noticing Date:** January 4, 2017  
**TEFRA Adoption Date:** January 18, 2017

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**Description of Proposed Project:**  
**State Ceiling Pool:** General  
**Total Number of Units:** 268  
**Manager's Units:** 2 Unrestricted  
**Type:** Acquisition and Rehabilitation  
**Population Served:** Family

Summer Field Apartments is an existing scattered site project located in Indio on two sites totaling 18.44 acres. The project consists of 266 rental units and 2 unrestricted managers' units. The project has 32 one-bedroom units, 91 two-bedroom units, 95 three-bedroom units, 32 four-bedroom units and 16 five-bedroom units. The renovations will include building exterior and interior upgrades. Building exterior renovations will consist of roof replacement, repainting, fence repair, playground improvement and replacing or repairing building systems as necessary. Interior renovations will include countertop replacement, new flooring, new windows and replacement of appliances including refrigerators, ranges, range hoods and dishwashers. Lastly, common area renovations will consist of ADA updates and parking lot deferred maintenance. The rehabilitation is expected to begin in April 2017 and to be completed in December 2017.

**Description of Public Benefits:**

**Percent of Restricted Rental Units in the Project:** 99%  
31% (83 units) restricted to 50% or less of area median income households.  
68% (183 units) restricted to 60% or less of area median income households.  
**Unit Mix:** 1, 2, 3, 4 & 5 bedrooms

The proposed project will not be providing service amenities.

**Term of Restrictions:**

**Income and Rent Restrictions:** 55 years

**Details of Project Financing:**

|   |               |  |
|---|---------------|--|
| <b>Estimated Total Development Cost:</b>      | \$ 72,386,416 |  |
| <b>Estimated Hard Costs per Unit:</b>         | \$ 39,869     | (\$10,605,207 /266 units)                      |
| <b>Estimated per Unit Cost:</b>               | \$ 270,099    | (\$72,386,416 /268 units including mgr. units) |
| <b>Allocation per Unit:</b>                   | \$ 157,895    | (\$42,000,000 /266 units)                      |
| <b>Allocation per Restricted Rental Unit:</b> | \$ 157,895    | (\$42,000,000 /266 restricted units)           |

| <b>Sources of Funds:</b>   | <u>Construction</u>  | <u>Permanent</u>     |
|----------------------------|----------------------|----------------------|
| Tax-Exempt Bond Proceeds   | \$ 42,000,000        | \$ 42,000,000        |
| Net Income from Operations | \$ 1,540,027         | \$ 1,540,027         |
| LIH Tax Credit Equity      | \$ 17,716,565        | \$ 21,286,298        |
| Developer Equity           | \$ 7,597,741         | \$ 0                 |
| Deferred Developer Fee     | \$ 0                 | \$ 4,028,008         |
| Replacement Reserves       | \$ 1,185,608         | \$ 1,185,608         |
| Capitalized Interest       | \$ 2,346,475         | \$ 2,346,475         |
| Total Sources              | <u>\$ 72,386,416</u> | <u>\$ 72,386,416</u> |

| <b>Uses of Funds:</b>                       |                      |
|---|----------------------|
| Land Cost/Acquisition                       | \$ 36,000,000        |
| Rehabilitation                              | \$ 11,680,073        |
| Relocation                                  | \$ 570,000           |
| Contractor Overhead & Profit                | \$ 699,840           |
| Architectural Fees                          | \$ 65,000            |
| Survey and Engineering                      | \$ 150,000           |
| Construction Interest and Fees              | \$ 8,848,412         |
| Legal Fees                                  | \$ 200,000           |
| Reserves                                    | \$ 4,616,084         |
| Appraisal                                   | \$ 7,500             |
| Hard Cost Contingency                       | \$ 1,244,542         |
| Other Project Costs (Soft Costs, Marketing) | \$ 707,224           |
| Developer Costs                             | <u>\$ 7,597,741</u>  |
| Total Uses                                  | <u>\$ 72,386,416</u> |

**Analyst Comments:**

None

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**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.

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**Total Points:**

69.47 out of 140

[See Attachment A]

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**Recommendation:**

Staff recommends that the Committee approves \$42,000,000 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 | Points Scored |
|--|--|---|---------------|
| Preservation Project   | 20   | 20                                      | 20            |
| Exceeding Minimum Income Restrictions:   | 35   | 15                                      | 35            |
| Exceeding Minimum Rent Restrictions<br>[Allowed if 10 pts not awarded above in Preservation Project] | [10]   | [10]                                    | 0             |
| Gross Rents  | 5  | 5                                       | 5             |
| Large Family Units   | 5  | 5                                       | 4.47          |
| Leveraging   | 10   | 10                                      | 0             |
| Community Revitalization Area  | 5  | 5                                       | 0             |
| Site Amenities   | 10   | 10                                      | 5             |
| Service Amenities  | 10   | 10                                      | 0             |
| New Construction or Substantial Renovation   | 10   | 10                                      | 0             |
| Sustainable Building Methods   | 10   | 10                                      | 0             |
| Forgone Eligible Developer Fee<br>(Competitive Allocation Process Only)                              | 10   | 10                                      | N/A           |
| Minimum Term of Restrictions<br>(Competitive Allocation Process Only)                                | 10   | 10                                      | N/A           |
| Negative Points (No Maximum)   | -10  | -10                                     | 0             |
| <b>Total Points</b>  | <b>140</b>   | <b>110</b>                              | <b>69.47</b>  |

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.