

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
July 19, 2017
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Louise Eller

Applicant: California Municipal Finance Authority

Allocation Amount Requested: Tax-exempt: \$20,000,000

Project Information:

Name: Cornerstone Place Apartments
Project Address: 230 South Sunshine Avenue
Project City, County, Zip Code: El Cajon, San Diego, 92020

Project Sponsor Information:

Name: South Sunshine Associates, L.P. (Domus GP LLC and Community Resident Services, Inc.)
Principals: Jong C. Limb and Monique Hastings for Domus GP LLC.
Erin Myers for Community Resident Services, Inc.
Property Management Company: Domus Management Company, a California corporation

Project Financing Information:

Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Private Placement Purchaser: Bank of America, N.A. (construction only)
Cash Flow Permanent Bond: Not Applicable
Public Sale: Not Applicable
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Rating: Not Applicable
TEFRA Noticing Date: May 4, 2017
TEFRA Adoption Date: May 23, 2017

Description of Proposed Project:

State Ceiling Pool: General
Total Number of Units: 70
Manager's Units: 1 Unrestricted
Type: New Construction
Population Served: Family

Cornerstone Apartments is a new construction project located in El Cajon on a 1-acre site. The project consists of 69 restricted rental units and 1 unrestricted manager's unit. The project will have 48 one-bedroom units and 22 three-bedroom units. The building will be four stories constructed in a contemporary architectural style. Common amenities include central laundry, common lounges, a courtyard including a children's play area, management office and a community room. Each unit will have laminate and carpet flooring, a patio/balcony, energy efficient appliances and HVAC systems. The construction is expected to begin July 2017 and completed in November 2018.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
38% (26 units) restricted to 50% or less of area median income households.
62% (43 units) restricted to 60% or less of area median income households.
Unit Mix: 1 & 3 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:	\$ 29,312,700	
Estimated Hard Costs per Unit:	\$ 262,137	(\$18,349,561 /70 units including mgr. units)
Estimated per Unit Cost:	\$ 418,753	(\$29,312,700 /70 units including mgr. units)
Allocation per Unit:	\$ 285,714	(\$20,000,000 /70 units including mgr. units)
Allocation per Restricted Rental Unit:	\$ 289,855	(\$20,000,000 /69 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 20,000,000	\$ 0
Taxable Bond Proceeds	\$ 0	\$ 3,800,000
LIH Tax Credit Equity	\$ 1,544,563	\$ 10,722,089
El Cajon RDA Low Mod Bond Funds	\$ 1,170,000	\$ 1,300,000
El Cajon HOME Funds	\$ 1,080,000	\$ 1,200,000
AHSC Grant	\$ 3,136,500	\$ 3,485,000
AHSC Loan	\$ 0	\$ 7,970,705
General Partner Equity	\$ 0	\$ 100
Deferred Developer Fee	\$ 0	\$ 834,806
Deferred Costs	\$ 2,381,637	\$ 0
Total Sources	\$ 29,312,700	\$ 29,312,700

Uses of Funds:	
Land Cost/Acquisition	\$ 1,340,000
New Construction	\$ 18,549,801
Contractor Overhead & Profit	\$ 1,200,439
Architectural Fees	\$ 474,500
Survey and Engineering	\$ 495,500
Construction Interest and Fees	\$ 1,256,500
Permanent Financing	\$ 105,000
Legal Fees	\$ 120,000
Reserves	\$ 364,880
Appraisal	\$ 15,000
Hard Cost Contingency	\$ 1,002,512
Local Development Impact Fees	\$ 364,510
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 2,024,058
Developer Costs	\$ 2,000,000
Total Uses	\$ 29,312,700

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:

76.5 out of 140 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$20,000,000 in tax exempt bond allocation on a carryforward basis.

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	35
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	0
Gross Rents	5	5	5
Large Family Units	5	5	5
Leveraging	10	10	10
Community Revitalization Area	5	5	0
Site Amenities	10	10	7.5
Service Amenities	10	10	0
New Construction or Substantial Renovation	10	10	10
Sustainable Building Methods	10	10	4
Forgone Eligible Developer Fee (Competitive Allocation Process Only)	10	10	N/A
Minimum Term of Restrictions (Competitive Allocation Process Only)	10	10	N/A
Negative Points (No Maximum)	-10	-10	0
Total Points	140	120	76.5