Agenda Item No. 7.14
Application No. 17-386

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
September 20, 2017
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Sarah Lester

Applicant:	**California Municipal Finance Authority**
Allocation Amount Requested:	
Tax-exempt:	$20,000,000
Project Information:	
Name:	**Mt. Rubidoux Manor Apartments**
Project Address:	3993 10th Street
Project City, County, Zip Code:	Riverside, Riverside, 92501
Project Sponsor Information:	
Name:	Mt. Rubidoux Manor, LP (Mt. Rubidoux Manor, LLC)
Principals:	Ancel Romero,Jacqueline Seegobin, Linda Coleman, Brian Lloyd, Cindy Proctor, Robert Hoyt and Camile Sidoti
Property Management Company:	Beacon Communities, Inc.
Project Financing Information:	
Bond Counsel:	Jones Hall, A Professional Law Corporation
Private Placement Purchaser:	Citibank, N.A.
Cash Flow Permanent Bond:	Not Applicable
Public Sale:	Not Applicable
Underwriter:	Not Applicable
Credit Enhancement Provider:	Not Applicable
Rating:	Not Applicable
TEFRA Noticing Date:	June 22, 2017
TEFRA Adoption Date:	July 11, 2017
Description of Proposed Project:	
State Ceiling Pool:	General
Total Number of Units:	188
Manager's Units:	2 Unrestricted
Type:	Acquisition and Rehabilitation
Population Served:	Family

Mt. Rubidoux Manor Apartments is an existing project located in Riverside on a 1.01-acre site. The project consists of 186 restricted rental units and 2 unrestricted managers' units. The project has 135 studio units, 52 one-bedroom units and 1 two-bedroom unit. The renovations will include building exterior and interior upgrades. Building exterior renovations will consist of replacing existing roof-top gas-fired water heater and storage tank with a multiple boiler (redundant) system; adding expansion tank and mixing valve assembly; replacement of plumbing waste and vent stacks, domestic hot and cold water piping, existing domestic water booster pump; new hydro-pneumatic tank and variable speed drives; upgrades to electrical system for safe and adequate power for new equipment; upgrade breakers within existing panels where necessary; new fire alarm system with horn, strobes and smoke detector; Wi-Fi throughout common areas; replace original cord based emergency call system with a Wi-Fi system; upgrade existing intercom system; replace common area HVAC with high efficiency VRF system; elevator ADA upgrades as required; solar PV as an alternate if contingency allows; install an emergency generator and emergency power if contingency allows; replace original exterior glazing and sliding glass doors with energy efficient storefront package at 1st and 2nd floors and all ADA units (10th floor will also have new glazing as part of fire damage); and full replacement of roofing system including insulation and roof drains. Individual apartment units will include new LED lighting throughout; replace carpet and vinyl flooring in 70% of the units, existing PTAC units with energy efficient PTHP units, non-Energy Star refrigerators with Energy Star models (126 units); new range hoods and stoves, cabinets, solid surface countertops and sinks in kitchens, GFCI circuits at kitchen and bathrooms, low flush toilets and low flow shower heads, kitchen and bathroom faucets and solid surface countertops with integral sink and cabinets in bathrooms.

Description of Proposed Project: (contd.)

Lastly, common or site area renovations will consist of converting existing first floor commercial kitchen into office/administration space; second floor dining repurposed as centralized gathering/social/recreational space; paint, carpet, lighting and signage in corridors and convert existing lighting to LED. The rehabilitation is expected to begin in November 2017 and completed in October 2018.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%

10% (19 units) restricted to 50% or less of area median income households.

89% (167 units) restricted to 60% or less of area median income households.

Unit Mix: Studio, 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:	$	34,180,155	
Estimated Hard Costs per Unit:	$	50,257	($9,448,394 /188 units including mgr. units)
Estimated per Unit Cost:	$	181,809	($34,180,155 /188 units including mgr. units)
Allocation per Unit:	$	106,383	($20,000,000 /188 units including mgr. units)
Allocation per Restricted Rental Unit:	$	107,527	($20,000,000 /186 restricted units)

Sources of Funds:		Construction		Permanent
Tax-Exempt Bond Proceeds	$	20,000,000	$	9,500,000
LIH Tax Credit Equity	$	2,000,000	$	11,501,181
GP Loan / Existing Reserves	$	342,484	$	342,484
Deferred Developer Fee	$	0	$	1,115,141
Accrued Def. Int. / Seller Takeback	$	486,539	$	486,539
Seller Carryback Loan	$	10,402,410	$	10,402,410
City of Riverside HOME loan	$	200,000	$	200,000
Operating Cash during Construction	$	0	$	200,000
City of Riverside Contingent loan	$	32,400	$	32,400
GP Contrib. - LIWP and COR Incentives	$	0	$	400,000
Total Sources	$	33,463,833	$	34,180,155

Uses of Funds:		
Land Cost/Acquisition	$	12,000,000
Rehabilitation	$	10,175,626
Relocation	$	1,100,000
Contractor Overhead & Profit	$	892,873
Architectural Fees	$	556,289
Survey and Engineering	$	138,000
Construction Interest and Fees	$	1,599,851
Permanent Financing	$	30,000
Legal Fees	$	45,000
Reserves	$	1,169,106
Appraisal	$	36,400
Hard Cost Contingency	$	1,660,275
Other Project Costs (Soft Costs, Marketing, etc.)	$	746,335
Developer Costs	$	4,030,400
Total Uses	$	34,180,155

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:

74.8 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	20
Exceeding Minimum Income Restrictions:	35	15	25
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	0
Leveraging	10	10	0.8
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	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**	**110**	**74.8**