

**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*

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**Applicant:** California Municipal Finance Authority

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

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**Project Information:**  
**Name:** Paseo del Oro 2 Apartments  
**Project Address:** 428, 430, 432, 434, 436, 438, 440, 446, 458, 460, 464, 466,  
470, 472, 474, 476, 480, 482 W. Mission Road  
**Project City, County, Zip Code:** San Marcos, San Diego, 92069

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**Project Sponsor Information:**  
**Name:** Paseo Del Oro Apartments, L.P. (Paseo Del Oro GP LLC)  
**Principals:** Rick Whittingham, Angela Heyward, Jason Knotowicz,  
Michael Ruane, Steve PonTell, Michael Finn and Philip  
Nelson Lee  
**Property Management Company:** National Community Renaissance of California

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**Project Financing Information:**  
**Bond Counsel:** Orrick, Herrington & Sutcliffe LLP  
**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:** July 17, 2017  
**TEFRA Adoption Date:** August 1, 2017

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**Description of Proposed Project:**  
**State Ceiling Pool:** General  
**Total Number of Units:** 120  
**Manager's Units:** 1 Unrestricted  
**Type:** Acquisition and Rehabilitation  
**Population Served:** Family

Paseo del Oro 2 Apartments is an existing project located in San Marcos on a 4.23-acre site. The project consists of 102 restricted rental units, 17 market rate units and 1 unrestricted manager unit. The project has 24 one-bedroom units, 59 two-bedroom units and 37 three-bedroom units. The renovations will include building exterior upgrades. Building exterior renovations will consist of roof replacement, window replacement; repainting the buildings and replacing and upgrading building systems. Individual apartment units will be updated with replacing countertops, cabinetry, flooring, windows, installing new refrigerators, ranges, range hoods, and dishwashers. Lastly, common or site area renovations will consist of playground improvements, site fencing, addressing parking lot deferred maintenance and ADA updates. The rehabilitation is expected to begin in January 2018 and completed in December 2018.

**Description of Public Benefits:**

**Percent of Restricted Rental Units in the Project:** 86%  
86% (102 units) restricted to 50% or less of area median income households.  
**Unit Mix:** 1, 2 & 3 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>	\$ 15,050,622	
<b>Estimated Hard Costs per Unit:</b>	\$ 16,250	(\$1,950,000 /120 units including mgr. units)
<b>Estimated per Unit Cost:</b>	\$ 125,422	(\$15,050,622 /120 units including mgr. units)
<b>Allocation per Unit:</b>	\$ 66,667	(\$8,000,000 /120 units including mgr. units)
<b>Allocation per Restricted Rental Unit:</b>	\$ 78,431	(\$8,000,000 /102 restricted units)

<b>Sources of Funds:</b>	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 8,000,000	\$ 5,489,437
LIH Tax Credit Equity	\$ 1,505,366	\$ 3,472,422
Deferred Developer Fee	\$ 0	\$ 543,407
City of San Marcos	\$ 3,616,552	\$ 3,616,552
County of San Diego	\$ 1,928,704	\$ 1,928,704
GP Equity	\$ 0	\$ 100
<b>Total Sources</b>	<b>\$ 15,050,622</b>	<b>\$ 15,050,622</b>

<b>Uses of Funds:</b>	
Land Cost/Acquisition	\$ 9,356,537
Rehabilitation	\$ 2,067,000
Relocation	\$ 626,000
Contractor Overhead & Profit	\$ 156,000
Architectural Fees	\$ 165,000
Survey and Engineering	\$ 75,000
Construction Interest and Fees	\$ 834,252
Permanent Financing	\$ 67,394
Legal Fees	\$ 55,000
Reserves	\$ 304,114
Appraisal	\$ 7,500
Hard Cost Contingency	\$ 222,300
Local Development Impact Fees	\$ 75,000
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 171,363
Developer Costs	\$ 868,162
<b>Total Uses</b>	<b>\$ 15,050,622</b>

**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:**

85 out of 140 [See Attachment A]

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**Recommendation:**

Staff recommends that the Committee approves \$8,000,000 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	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	10
Service Amenities	10	10	0
New Construction or Substantial Renovation	10	10	0
Sustainable Building Methods	10	10	0
Forgone Eligible Developer Fee (Competitive Allocation Process Only)	10	10	N/A
Minimum Term of Restrictions (Competitive Allocation Process Only)	10	10	0
Negative Points (No Maximum)	-10	-10	0
<b>Total Points</b>	<b>140</b>	<b>110</b>	<b>85</b>