

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: Richard Fischer

Applicant:	California Municipal Finance Authority
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Allocation Amount Requested:	Tax-exempt: \$14,100,000
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Project Information:	Name: Vista del Sol 2 Apartments
	Project Address: 1537,1539,1543,1438,1440,1536,1538,1400, 1401,1410,1436,1421,1433,1445 "Q" Avenue
	Project City, County, Zip Code: National City, San Diego, 91950

Project Sponsor Information:	Name: Vista del Sol Apartments, L.P. (Vista Del Sol Apartments GP, LLC)
	Principals: Richard J. Whittingham, Angela Heyward, Jason Knotowicz for National Community Renaissance of Northern California; Ciriaco Pinedo, Michael Ruane, Steve PonTell, and Philip Nelson Lee for National Community Renaissance of California (NCRC) ; all for Vista Del Sol Apartments GP, LLC
	Property Management Company: National Community Renaissance of California

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

Description of Proposed Project:	State Ceiling Pool: General
	Total Number of Units: 132
	Manager's Units: 2 Restricted
	Type: Acquisition and Rehabilitation
	Population Served: Family

Vista del Sol 2 Apartments is an existing project located in National City on a 4.4-acre site. The project consists of 130 restricted rental units and 2 restricted managers' unit. The project has 78 one-bedroom units, 46 two-bedroom units and 8 three-bedroom units. The renovations will include building exterior and interior upgrades. Building exterior renovations will consist of stucco repairs, roof replacement, window replacements and a fresh coat of paint. Interior renovations will include a laundry room, leasing office and community room upgrades. Individual apartment units will be updated with a new appliance package, countertops, cabinets, fixtures, paint and electrical updates. Lastly, common or site area renovations will consist of concrete repairs, asphalt replacement and ADA updates. The rehabilitation is expected to begin in March 2018 and completed in July 2019.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%

17% (23 units) restricted to 50% or less of area median income households.

83% (109 units) restricted to 60% 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:

Estimated Total Development Cost:	\$ 27,554,738	
Estimated Hard Costs per Unit:	\$ 46,136	(\$6,090,000 /132 units including mgr. units)
Estimated per Unit Cost:	\$ 208,748	(\$27,554,738 /132 units including mgr. units)
Allocation per Unit:	\$ 106,818	(\$14,100,000 /132 units including mgr. units)
Allocation per Restricted Rental Unit:	\$ 106,818	(\$14,100,000 /132 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 14,100,000	\$ 8,412,924
LIH Tax Credit Equity	\$ 2,913,383	\$ 8,585,157
Developer Equity	\$ 0	\$ 100
Deferred Developer Fee	\$ 0	\$ 15,201
Seller Carryback Loan	\$ 2,895,295	\$ 2,895,295
CDC-HA	\$ 7,646,061	\$ 7,646,061
Total Sources	\$ 27,554,739	\$ 27,554,738

Uses of Funds:	
Land Cost/Acquisition	\$ 12,484,626
Rehabilitation	\$ 6,515,400
Relocation	\$ 1,980,000
Contractor Overhead & Profit	\$ 487,200
Architectural Fees	\$ 165,000
Survey and Engineering	\$ 75,000
Construction Interest and Fees	\$ 1,136,335
Permanent Financing	\$ 96,629
Legal Fees	\$ 55,000
Reserves	\$ 325,136
Appraisal	\$ 7,500
Hard Cost Contingency	\$ 694,260
Local Development Impact Fees	\$ 75,000
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 1,505,961
Developer Costs	\$ 1,951,691
Total Uses	\$ 27,554,738

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:

69 out of 140 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$14,100,000 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	29
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	10
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 (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	69