

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
December 13, 2017
Staff Report
**REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT**

Prepared by: Richard Fischer

Applicant: California Statewide Communities Development Authority

Allocation Amount Requested:
Tax-exempt: \$48,000,000

Project Information:
Name: Carlton Villas Apartments
Project Address: 9322-9356 Carlton Oaks Drive
Project City, County, Zip Code: Santee, San Diego, 92071

Project Sponsor Information:
Name: Santee Affordable Communities LP (Santee Communities, LLC; Pacific Housing, Inc. and Ten 4 Ten, LLC)
Principals: Jules L.C. Arthur, Michele R. Arthur, Ruben Islas and Mike Coit For Santee Communities, LLC; Mark Wiese for Pacific Housing, Inc. and Ruben Islas for Ten 4 Ten, LLC
Property Management Company: Logan Property Management, Inc.

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: October 5, 2017
TEFRA Adoption Date: October 25, 2017

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 130
Manager's Units: 1 Unrestricted
Type: Acquisition and Rehabilitation
Population Served: Family

Carlton Villas Apartments is an existing project located in Santee on a 6.77-acre site. The project consists of 129 restricted rental units and 1 unrestricted manager unit. The project has 24 one-bedroom units, 68 two-bedroom units and 38 three-bedroom units. The renovations will include building exterior/interior upgrades. Building exterior renovations will consist of roof replacement, window replacements, electrical and plumbing. Interior renovations will include the leasing office and all units. Individual apartment units will be updated with a new appliance package, fixtures, paint and electrical updates. Lastly, common or site area renovations will consist of parking lot upgrades, landscaping updates and walkway improvements. The rehabilitation is expected to begin in March 2018 and be completed in December 2018.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%

11% (14 units) restricted to 50% or less of area median income households.

89% (115 units) restricted to 60% or less of area median income households.

Unit Mix: 1, 2 & 3 bedrooms

The proposed project will be providing service amenities.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$ 63,413,865	
Estimated Hard Costs per Unit:	\$ 42,609	(\$5,539,175 /130 units including mgr. units)
Estimated per Unit Cost:	\$ 487,799	(\$63,413,865 /130 units including mgr. units)
Allocation per Unit:	\$ 369,231	(\$48,000,000 /130 units including mgr. units)
Allocation per Restricted Rental Unit:	\$ 372,093	(\$48,000,000 /129 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 32,700,000	\$ 32,700,000
Tranche B Financing	\$ 15,300,000	\$ 0
LIH Tax Credit Equity	\$ 2,670,796	\$ 21,676,274
Deferred Developer Fee	\$ 7,743,069	\$ 4,037,591
Seller Carryback Loan	\$ 5,000,000	\$ 5,000,000
Total Sources	\$ 63,413,865	\$ 63,413,865
 Uses of Funds:		
Land Cost/Acquisition	\$ 45,225,000	
Rehabilitation	\$ 5,966,750	
Relocation	\$ 130,000	
Contractor Overhead & Profit	\$ 476,768	
Architectural Fees	\$ 85,000	
Construction Interest and Fees	\$ 1,088,150	
Permanent Financing	\$ 365,172	
Legal Fees	\$ 260,000	
Reserves	\$ 634,256	
Appraisal	\$ 10,000	
Hard Cost Contingency	\$ 616,927	
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 812,773	
Developer Costs	\$ 7,743,069	
Total Uses	\$ 63,413,865	

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 out of 140 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$48,000,000 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 Projects	Points Scored
Preservation Project	20	20	20
Exceeding Minimum Income Restrictions:	35	15	26
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	0
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	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	76