

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
May 16, 2018
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Ruben Barcelo

Applicant: California Statewide Communities Development Authority

Allocation Amount Requested:

Tax-exempt: \$67,450,000

Project Information:

Name: Summercrest Apartments
Project Address: 2601-2717 E Plaza Blvd.
Project City, County, Zip Code: National City, San Diego, 91950

Project Sponsor Information:

Name: Summercrest Apartment Associates, LP (Summercrest GP, LLC; and AOF Summercrest LLC)
Principals: Gary C. Grant for Summercrest GP, LLC; and Raman Nayar, Philip J. Kennedy, Andrew Stephen Jones and Kathryn T. Walker for AOF Summercrest LLC
Property Management Company: Sage Apartment Communities, Inc.

Project Financing Information:

Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Private Placement Purchaser: Jones Lang LaSalle Capital Markets
Cash Flow Permanent Bond: Not Applicable
Public Sale: Not Applicable
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Rating: Not Applicable
TEFRA Noticing Date: March 16, 2018
TEFRA Adoption Date: April 3, 2018

Description of Proposed Project:

State Ceiling Pool: General
Total Number of Units: 372
Manager's Units: 4 Unrestricted
Type: Acquisition and Rehabilitation
Population Served: Family

Summercrest Apartments is an existing project located in National City on a 10.43-acre site. The project consists of 368 restricted rental units and 4 unrestricted manager units distributed as 84 studios, 56 one-bedroom units, 168 two-bedroom units and 64 three-bedroom units. Exterior renovations include new roofs, new windows, new solar panels, stucco repair and fresh paint. Interior renovations include updated laundry room, new flooring, electrical upgrades and new lighting fixtures, fresh paint and elevator renovation. Individual apartment unit updates include replacement of kitchen appliances, kitchen and bathroom cabinets, countertops, flooring, electrical upgrades, wall and ceiling repair, ADA-related upgrades and fresh paint. Site renovations include new lighting, retaining wall and fencing repair, play structure upgrade, drainage/sewer repair, parking lot re-sealing and re-striping and new signage. The rehabilitation is expected to begin in June 2018 and will be completed in June 2019.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
30% (111 units) restricted to 50% or less of area median income households.
70% (257 units) restricted to 60% or less of area median income households.
Unit Mix: Studio, 1, 2 & 3 bedrooms

The proposed project will be receiving service amenity points for providing instructor-led educational, health and wellness or skill-building classes and for providing individual health and wellness support services.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost: \$ 112,342,244
Estimated Hard Costs per Unit: \$ 28,030 (\$10,426,989 /372 units including mgr. units)
Estimated per Unit Cost: \$ 301,995 (\$112,342,244 /372 units including mgr. units)
Allocation per Unit: \$ 181,317 (\$67,450,000 /372 units including mgr. units)
Allocation per Restricted Rental Unit: \$ 183,288 (\$67,450,000 /368 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 67,450,000	\$ 64,500,000
LIH Tax Credit Equity	\$ 27,240,593	\$ 34,411,767
Deferred Developer Fee	\$ 12,035,922	\$ 7,284,204
Deferred Costs	\$ 1,359,625	\$ 0
Net Income From Operations	\$ 4,256,104	\$ 4,256,104
General Partner Equity	\$ 0	\$ 1,890,169
Total Sources	\$ 112,342,244	\$ 112,342,244

Uses of Funds:	
Land Cost/Acquisition	\$ 76,000,000
Rehabilitation	\$ 11,211,148
Relocation	\$ 904,200
Contractor Overhead & Profit	\$ 834,159
Architectural Fees	\$ 150,000
Survey and Engineering	\$ 50,000
Construction Interest and Fees	\$ 5,529,050
Permanent Financing	\$ 389,500
Legal Fees	\$ 185,000
Reserves	\$ 1,359,625
Appraisal	\$ 10,000
Hard Cost Contingency	\$ 1,209,531
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 890,202
Developer Costs	\$ 13,619,829
Total Uses	\$ 112,342,244

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:

75 out of 140 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$67,450,000 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	35
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	0
Large Family Units	5	5	0
Leveraging	10	10	0
Community Revitalization Area	5	5	0
Site Amenities	10	10	10
Service Amenities	10	10	10
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	75