

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: Louise Eller

Applicant: California Municipal Finance Authority

Allocation Amount Requested: Tax-exempt: \$7,000,000

Project Information: Name: Cobblestone Village Apartments
Project Address: 360 E. Washington Avenue
Project City, County, Zip Code: Escondido, San Diego, 92025

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

Project Financing Information: Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Private Placement Purchaser: Pacific Western Bank
Cash Flow Permanent Bond: Not Applicable
Public Sale: Not Applicable
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Rating: Not Applicable
TEFRA Noticing Date: December 6, 2017
TEFRA Adoption Date: December 20, 2017

Description of Proposed Project: State Ceiling Pool: General
Total Number of Units: 44
Manager's Units: 1 Restricted
Type: Acquisition and Rehabilitation
Population Served: Family

Cobblestone Village Apartments is an existing project located in Escondido on a 2-acre site. The project consists of 43 restricted rental units and 1 restricted manager unit. The project has 44 three-bedroom units. The renovations will include building exterior and interior upgrades. Building exterior renovations will consist of reroofing and a fresh coat of paint. Individual apartment units will be updated with replacement of countertops and cabinetry, replacement of flooring and windows, new refrigerators, ranges, range hoods and dishwashers. Lastly, common or site area renovations will consist of parking lot upgrades, site fencing, playground improvements and replacing/upgrading building systems as necessary. The rehabilitation is expected to begin in June 2018 and be completed in December 2018.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
32% (14 units) restricted to 50% or less of area median income households.
68% (30 units) restricted to 60% or less of area median income households.
Unit Mix: 3 bedrooms

The proposed project will not be receiving service amenity points.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$ 11,610,841	
Estimated Hard Costs per Unit:	\$ 52,499	(\$368,740 /44 units including mgr. units)
Estimated per Unit Cost:	\$ 263,883	(\$11,610,841 /44 units including mgr. units)
Allocation per Unit:	\$ 159,091	(\$7,000,000 /44 units including mgr. units)
Allocation per Restricted Rental Unit:	\$ 159,091	(\$7,000,000 /44 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 7,000,000	\$ 2,176,000
LIH Tax Credit Equity	\$ 0	\$ 3,419,818
Developer Equity	\$ 0	\$ 400,000
Deferred Developer Fee	\$ 0	\$ 154,181
City of Escondido	\$ 2,795,652	\$ 3,078,284
Seller Carryback Loan	\$ 0	\$ 400,000
HCD MHP Funds	\$ 1,815,190	\$ 1,815,190
Net Income From Operations	\$ 0	\$ 167,368
Total Sources	\$ 11,610,842	\$ 11,610,841

Uses of Funds:	
Land Cost/Acquisition	\$ 6,080,000
Rehabilitation	\$ 2,501,681
Relocation	\$ 44,000
Contractor Overhead & Profit	\$ 184,796
Architectural Fees	\$ 100,000
Survey and Engineering	\$ 52,000
Construction Interest and Fees	\$ 612,848
Legal Fees	\$ 135,000
Reserves	\$ 114,000
Appraisal	\$ 5,000
Hard Cost Contingency	\$ 268,648
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 248,640
Developer Costs	\$ 1,264,228
Total Uses	\$ 11,610,841

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:

55 out of 140 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$7,000,000 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	0
Exceeding Minimum Income Restrictions:	35	15	35
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	10
Large Family Units	5	5	5
Leveraging	10	10	0
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	120	55