

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
July 18, 2018
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Richard Fischer

Applicant:	Housing Authority of the City of Chula Vista
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Allocation Amount Requested:	Tax-exempt:	\$6,650,000
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Project Information:	Name:	Cordova Trolley Rehabs Apartments (Scattered Site)
	Project Address:	1280 East J St.; 750 Ada St.
	Project City, County, Zip Code:	Chula Vista, San Diego, 91910

Project Sponsor Information:	Name:	Cordova Trolley, LP (Cordova Trolley Management, LLC)
	Principals:	Tim Kuncz and Kathryn Lembo for Cordova Trolley Management LLC
	Property Management Company:	Hyder & Company

Project Financing Information:	Bond Counsel:	Stradling, Yocca, Carlson & Rauth
	Private Placement Purchaser:	Banner 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:	April 27, 2018
	TEFRA Adoption Date:	May 15, 2018

Description of Proposed Project:	State Ceiling Pool:	General
	Total Number of Units:	58
	Manager's Units:	2 Unrestricted
	Type:	Acquisition and Rehabilitation
	Population Served:	Family

Cordova Trolley Rehabs Apartments is an existing scattered site project located in Chula Vista on a 2.97 -acre site and 1.23-acre site respectively. The project consists of 56 restricted rental units and 2 unrestricted managers' units. The project has 20 two-bedroom units, 30 three-bedroom units and 8 four-bedroom units. The renovations will include both 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 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 where needed. Lastly, common or site area renovations will consist of concrete repairs, asphalt replacement, and ADA updates. The rehabilitation is expected to begin in October 2018 and be completed in January 2019.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
45% (25 units) restricted to 50% or less of area median income households.
55% (31 units) restricted to 60% or less of area median income households.
Unit Mix: 2, 3 & 4 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:	\$ 12,984,750	
Estimated Hard Costs per Unit:	\$ 39,864	(\$2,312,099 /58 units including mgr. units)
Estimated per Unit Cost:	\$ 223,875	(\$12,984,750 /58 units including mgr. units)
Allocation per Unit:	\$ 114,655	(\$6,650,000 /58 units including mgr. units)
Allocation per Restricted Rental Unit:	\$ 118,750	(\$6,650,000 /56 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 6,650,000	\$ 3,915,000
LIH Tax Credit Equity	\$ 704,068	\$ 3,439,067
Deferred Developer Fee	\$ 97,777	\$ 97,777
Seller Carryback Loan	\$ 2,001,154	\$ 2,001,154
City of Chula Vista	\$ 2,843,695	\$ 2,843,695
Net Income From Operations	\$ 175,000	\$ 175,000
Transferred Reserves	\$ 513,057	\$ 513,057
Total Sources	\$ 12,984,751	\$ 12,984,750

Uses of Funds:	
Land Cost/Acquisition	\$ 6,580,000
Rehabilitation	\$ 2,543,315
Relocation	\$ 56,900
Contractor Overhead & Profit	\$ 184,968
Architectural Fees	\$ 201,400
Survey and Engineering	\$ 28,200
Construction Interest and Fees	\$ 556,253
Permanent Financing	\$ 30,000
Legal Fees	\$ 60,000
Reserves	\$ 604,823
Appraisal	\$ 10,000
Hard Cost Contingency	\$ 270,328
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 442,100
Developer Costs	\$ 1,416,463
Total Uses	\$ 12,984,750

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:

78 out of 140 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$6,650,000 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	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	10
Community Revitalization Area	5	5	0
Site Amenities	10	10	7.5
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	120	77.5