

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
September 19, 2018
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Felicity Wood

Applicant:	California Municipal Finance Authority
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Allocation Amount Requested:	Tax-exempt: \$13,000,000
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Project Information:	Name: Escondido Gardens Apartments
	Project Address: 500 N Midway Drive
	Project City, County, Zip Code: Escondido, San Diego, 92027

Project Sponsor Information:	Name: Escondido Gardens Partners LP (Escondido Gardens Management LLC; Metro Hotel)
	Principals: David Beacham, Casey Haeling, Colin Rice, Escondido Gardens Management, LLC; Bob McElroy, Robb Lally, Metro Hotel
	Property Management Company: Royal Property Management Group, Inc.

Project Financing Information:	Bond Counsel: Orrick, Herrington & Sutcliffe LLP
	Private Placement Purchaser: Citibank, N.A.
	TEFRA Noticing Date: April 27, 2018
	TEFRA Adoption Date: May 15, 2018

Description of Proposed Project:	State Ceiling Pool: General
	Total Number of Units: 92
	Manager's Units: 2 Unrestricted
	Type: Acquisition and Rehabilitation
	Population Served: Senior Citizens

Escondido Gardens Apartments is an existing project located in Escondido on a 4.2-acre site. The project consists of 90 restricted rental units, and two unrestricted managers' units. The project has 92 one-bedroom units. The renovations will include building (exterior/interior) upgrades. Building exterior renovations will consist of a roof replacement and solar panel installation. Individual apartment units will be updated with new appliances, flooring, kitchens and bathrooms. The rehabilitation is expected to begin in February 2019 and be completed in December 2019.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%

10% (9 units) restricted to 50% or less of area median income households.

90% (81 units) restricted to 60% or less of area median income households.

Unit Mix: 1 bedroom

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:	\$ 18,200,000	
Estimated Hard Costs per Unit:	\$ 39,000	(\$3,588,000 /92 units including mgr. units)
Estimated per Unit Cost:	\$ 197,826	(\$18,200,000 /92 units including mgr. units)
Allocation per Unit:	\$ 141,304	(\$13,000,000 /92 units including mgr. units)
Allocation per Restricted Rental Unit:	\$ 144,444	(\$13,000,000 /90 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 13,000,000	\$ 13,000,000
LIH Tax Credit Equity	\$ 3,865,000	\$ 4,828,000
Developer Equity	\$ 1,335,000	\$ 0
Deferred Developer Fee	\$ 0	\$ 69,500
HUD Replacement/Receipt Release	\$ 0	\$ 302,500
Total Sources	\$ 18,200,000	\$ 18,200,000

Uses of Funds:	
Land Cost/Acquisition	\$ 9,075,000
Rehabilitation	\$ 3,839,160
Relocation	\$ 150,000
Contractor Overhead & Profit	\$ 287,040
Architectural Fees	\$ 150,000
Survey and Engineering	\$ 6,000
Construction Interest and Fees	\$ 109,850
Permanent Financing	\$ 354,500
Legal Fees	\$ 250,000
Reserves	\$ 746,000
Appraisal	\$ 9,150
Hard Cost Contingency	\$ 448,000
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 883,140
Developer Costs	\$ 1,892,160
Total Uses	\$ 18,200,000

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:

57.0 out of 140 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$13,000,000 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	20.00
Exceeding Minimum Income Restrictions:	35	15	25.00
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	0.00
Large Family Units	5	5	0.00
Leveraging	10	10	0.00
Community Revitalization Area	5	5	0.00
Site Amenities	10	10	0.00
Service Amenities	10	10	0.00
New Construction or Substantial Renovation	10	10	10.00
Sustainable Building Methods	10	10	2.00
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	0.00
Total Points	140	110	57.00