

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
October 17, 2018
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Felicity Wood

Applicant: California Statewide Communities Development Authority

Allocation Amount Requested:

Tax-exempt: \$10,500,000

Project Information:

Name: Cascade Sunrise Apartments
Project Address: 7222 Sierra Avenue
Project City, County, Zip Code: Fontana, San Bernardino, 92336

Project Sponsor Information:

Name: Cascade Sunrise, L.P. (Cascade Sunrise GP, LLC)
Principals: Charles E. Singleton, Reginal Young, Milton Jackson,
William Leach, Rusty Leach and Mallory Drohan
Property Management Company: John Stewart Company

Project Financing Information:

Bond Counsel: Jones Hall, A Professional Law Corporation
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: August 3, 2018
TEFRA Adoption Date: August 28, 2018

Description of Proposed Project:

State Ceiling Pool: General
Total Number of Units: 80
Manager's Units: 1 Unrestricted
Type: Acquisition and Rehabilitation
Population Served: Senior Citizens

Cascade Sunrise Apartments is an existing project located in Fontana on a 3-acre site. The project consists of 79 restricted rental units and one unrestricted manager unit. The project has 60 one-bedroom units and 20 studio units. The renovations will include building exterior and interior upgrades. Building exterior renovations will consist of the installation of solar panels on the building roof, the addition of seating, benching and sun covers in the outdoor area. Interior renovations will include an upgrade to the manager office and community space. Individual apartment units will be updated by upgrading 10% of the units to meet ADA standards. In addition, all units will receive new bathroom fixtures, kitchen appliances, flooring, air conditioners, windows and window coverings. The rehabilitation is expected to begin in January 2019 and be completed in October 2019.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
18% (14 units) restricted to 50% or less of area median income households.
82% (65 units) restricted to 60% or less of area median income households.
Unit Mix: Studio & 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: \$ 21,292,450
Estimated Hard Costs per Unit: \$ 82,929 (\$6,634,320 /80 units including mgr. unit)
Estimated per Unit Cost: \$ 266,156 (\$21,292,450 /80 units including mgr. unit)
Allocation per Unit: \$ 131,250 (\$10,500,000 /80 units including mgr. unit)
Allocation per Restricted Rental Unit: \$ 132,911 (\$10,500,000 /79 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 10,500,000	\$ 6,300,000
LIH Tax Credit Equity	\$ 1,433,358	\$ 7,166,789
Deferred Developer Fee	\$ 0	\$ 986,813
Deferred Costs	\$ 2,745,707	\$ 0
Seller Carryback Loan	\$ 6,000,000	\$ 6,000,000
Net Income From Operations	\$ 227,112	\$ 452,575
Seller Reserves	\$ 386,273	\$ 386,273
Total Sources	\$ 21,292,450	\$ 21,292,450

Uses of Funds:	
Land Cost/Acquisition	\$ 9,470,000
Rehabilitation	\$ 6,343,920
Relocation	\$ 371,500
Contractor Overhead & Profit	\$ 422,400
Architectural Fees	\$ 249,462
Construction Interest and Fees	\$ 793,608
Permanent Financing	\$ 110,000
Legal Fees	\$ 200,000
Reserves	\$ 386,273
Appraisal	\$ 17,700
Hard Cost Contingency	\$ 150,000
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 312,192
Developer Costs	\$ 2,465,395
Total Uses	\$ 21,292,450

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:

45 out of 140 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$10,500,000 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	29
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	8
Large Family Units	5	5	0
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	3
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	45