

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
December 12, 2018
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Ruben Barcelo

Applicant: California Housing Finance Agency

Allocation Amount Requested:
Tax-exempt: \$19,800,000

Project Information:
Name: Citrus Grove Apartments
Project Address: 8845 Citrus Avenue
Project City, County, Zip Code: Fontana, San Bernardino, 92335

Project Sponsor Information:
Name: Citrus II Preservation Limited Partnership (Citrus II Preservation Partners LLC; and JHC-Citrus Grove LLC)
Principals: William E. Szymczak for Citrus II Preservation Partners LLC; and Laura Archuleta, Marcy V Finamore, Michael Massie, Mary Jo Goelzer and Jose Sanchez for JHC-Citrus Grove LLC
Property Management Company: Preservation Partners Management Group, Inc.

Project Financing Information:
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Private Placement Purchaser: Citibank, N.A./Citrus Preservation Limited Partnership
Cash Flow Permanent Bond: Citrus Preservation Limited Partnership
Public Sale: Not Applicable
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Rating: Not Applicable
TEFRA Noticing Date: October 5, 2018
TEFRA Adoption Date: November 2, 2018

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 51
Manager's Units: 1 Unrestricted
Type: Acquisition and Rehabilitation
Population Served: Family

Citrus Grove Apartments is an existing project located in Fontana on a 3.46-acre site. The project consists of 50 restricted rental units and 1 unrestricted manager unit distributed as 43 three-bedroom units and 8 four-bedroom units. Building exterior renovations will include new roof, windows and sliding glass doors, fascia replacement and ceiling insulation upgrades. Individual apartment units will be updated with new Energy Star-rated kitchen appliances, new kitchen and bathroom countertops and cabinets, new plumbing fixtures, lighting and electrical system upgrades, replacement of window coverings and flooring, wall repair and fresh paint. Five units will be upgraded for ADA accessibility and two units will be upgraded for hearing impaired tenants. Site area renovations will include repair or upgrades to the landscaping, fencing, parking lot surface and walkways. The rehabilitation is expected to begin in January 2019 and be completed in July 2019.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
100% (50 units) restricted to 50% or less of area median income households.

Unit Mix: 3 & 4 bedrooms

The proposed project will be receiving service amenity points for providing an after school program and for providing the services of a service coordinator.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$ 21,682,250	
Estimated Hard Costs per Unit:	\$ 55,000	(\$2,805,000 /51 units including mgr. units)
Estimated per Unit Cost:	\$ 425,142	(\$21,682,250 /51 units including mgr. units)
Allocation per Unit:	\$ 388,235	(\$19,800,000 /51 units including mgr. units)
Allocation per Restricted Rental Unit:	\$ 396,000	(\$19,800,000 /50 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 9,034,000	\$ 9,034,000
Cash Flow Permanent Bonds	\$ 5,300,000	\$ 5,103,572
Tranche B Financing	\$ 5,466,000	\$ 0
LIH Tax Credit Equity	\$ 1,078,234	\$ 7,188,228
General Partner Equity	\$ 356,450	\$ 356,450
Deferred Developer Fee	\$ 447,566	\$ 0
Total Sources	\$ 21,682,250	\$ 21,682,250

Uses of Funds:	
Land Cost/Acquisition	\$ 13,300,000
Rehabilitation	\$ 3,005,277
Relocation	\$ 184,280
Contractor Overhead & Profit	\$ 224,400
Architectural Fees	\$ 200,000
Survey and Engineering	\$ 15,000
Construction Interest and Fees	\$ 871,361
Permanent Financing	\$ 141,480
Legal Fees	\$ 195,000
Reserves	\$ 233,781
Appraisal	\$ 6,500
Hard Cost Contingency	\$ 319,770
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 321,316
Developer Costs	\$ 2,664,085
Total Uses	\$ 21,682,250

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:

90 out of 140 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$19,800,000 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
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	5
Leveraging	10	10	0
Community Revitalization Area	5	5	0
Site Amenities	10	10	5
Service Amenities	10	10	10
New Construction or Substantial Renovation	10	10	10
Sustainable Building Methods	10	10	5
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	90