

**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: Felicity Wood*

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<b>Applicant:</b>	<b>California Statewide Communities Development Authority</b>
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<b>Allocation Amount Requested:</b>	<b>Tax-exempt:</b> \$37,500,000
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<b>Project Information:</b>	<b>Name:</b> <b>Kimball Tower Apartments</b>
	<b>Project Address:</b> 1317 D Avenue
	<b>Project City, County, Zip Code:</b> National City, San Diego, 91950

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<b>Project Sponsor Information:</b>	<b>Name:</b> Kimball Tower Housing Associates, L.P. (CHW Kimball Development, LLC and Mercy Kimball Development, LLC)
	<b>Principals:</b> Anne B. Wilson, Ed Holder and Erika Villablanca
	<b>Property Management Company:</b> Mercy Housing Management Group

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<b>Project Financing Information:</b>	<b>Bond Counsel:</b> Jones Hall, A Professional Law Corporation
	<b>Private Placement Purchaser:</b> MUFG Union Bank, N.A.
	<b>Cash Flow Permanent Bond:</b> Not Applicable
	<b>Public Sale:</b> Not Applicable
	<b>Underwriter:</b> Not Applicable
	<b>Credit Enhancement Provider:</b> Not Applicable
	<b>Rating:</b> Not Applicable
	<b>TEFRA Noticing Date:</b> June 18, 2018
	<b>TEFRA Adoption Date:</b> July 3, 2018

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<b>Description of Proposed Project:</b>	<b>State Ceiling Pool:</b> General
	<b>Total Number of Units:</b> 151
	<b>Manager's Units:</b> 2 Unrestricted
	<b>Type:</b> Acquisition and Rehabilitation
	<b>Population Served:</b> Senior Citizens

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Kimball Tower Apartments is an existing project located in the City of National City on a 3.21-acre site. The project consists of 139 restricted rental units, 10 market rate units and two unrestricted managers' units. The project has 149 one-bedroom units and 2 two-bedroom units. Building exterior renovations will include replacing the roof. Interior renovations will include new ADA restrooms in common areas. Individual apartment units will be updated by modifying kitchens for adaptability. Balconies will be updated with new railings and waterproof coating. Refrigerators, bathroom fixtures and windows will be replaced. Lastly, site area renovations will consist of replacement of the fire alarm and suppression system, plumbing, underground sewer pipe, and elevators. The community room, laundry room and library will be renovated. A computer room and health-wellness room will be added. New landscape and irrigation will be installed. There will be asphalt repaving. The rehabilitation is expected to begin in April 2019 and be completed in October 2020.

**Description of Public Benefits:**

**Percent of Restricted Rental Units in the Project:** 93%

44% (65 units) restricted to 50% or less of area median income households.

50% (74 units) restricted to 60% or less of area median income households.

**Unit Mix:** 1 & 2 bedrooms

The proposed project will not be receiving service amenity points.

**Term of Restrictions:**

**Income and Rent Restrictions:** 55 years

**Details of Project Financing:**

<b>Estimated Total Development Cost:</b>	\$ 59,209,804	
<b>Estimated Hard Costs per Unit:</b>	\$ 83,780	(\$12,650,828 /151 units including mgr. units)
<b>Estimated per Unit Cost:</b>	\$ 392,118	(\$59,209,804 /151 units including mgr. units)
<b>Allocation per Unit:</b>	\$ 248,344	(\$37,500,000 /151 units including mgr. units)
<b>Allocation per Restricted Rental Unit:</b>	\$ 269,784	(\$37,500,000 /139 restricted units)

<b>Sources of Funds:</b>	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 37,500,000	\$ 11,164,000
LIH Tax Credit Equity	\$ 0	\$ 21,528,316
Developer Equity	\$ 1,596,289	\$ 4,819,300
Deferred Costs	\$ 2,005,463	\$ 812,100
Seller Carryback Loan	\$ 18,108,052	\$ 18,108,052
Net Income From Operations	\$ 0	\$ 1,188,036
GP Loan (AHP)	\$ 0	\$ 1,490,000
CDLAC Performance Deposit Refund	\$ 0	\$ 100,000
<b>Total Sources</b>	<b>\$ 59,209,804</b>	<b>\$ 59,209,804</b>

<b>Uses of Funds:</b>	
Land Cost/Acquisition	\$ 28,800,000
Rehabilitation	\$ 13,950,320
Relocation	\$ 603,000
Contractor Overhead & Profit	\$ 1,012,066
Architectural Fees	\$ 555,000
Survey and Engineering	\$ 45,000
Construction Interest and Fees	\$ 3,844,063
Permanent Financing	\$ 10,000
Legal Fees	\$ 175,000
Reserves	\$ 555,365
Appraisal	\$ 9,000
Hard Cost Contingency	\$ 1,610,568
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 721,122
Developer Costs	\$ 7,319,300
<b>Total Uses</b>	<b>\$ 59,209,804</b>

**Analyst Comments:**

None

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**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.

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**Total Points:**

55 out of 140 [See Attachment A]

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**Recommendation:**

Staff recommends that the Committee approves \$37,500,000 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	35
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	10.00
Service Amenities	10	10	0.00
New Construction or Substantial Renovation	10	10	10.00
Sustainable Building Methods	10	10	0.00
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
<b>Total Points</b>	<b>140</b>	<b>120</b>	<b>55.00</b>