

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
March 20, 2019
Staff Report
**REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT**

Prepared by: Felicity Wood/ Richard Fischer

Applicant: California Municipal Finance Authority

Allocation Amount Requested:
Tax-exempt: \$25,400,000

Project Information:
Name: Salerno Apartments
Project Address: Northeast Corner of Sand Canyon Ave & Nightmist
Project City, County, Zip Code: Irvine, Orange, 92618

Project Sponsor Information:
Name: Cypress Village CIC, LP (United Cerebral Palsy of Los Angeles, Ventura and Santa Barbara Counties; and CIC Cypress Village, LLC)
Principals: Ronald Cohen, Ph.D. for United Cerebral Palsy of Los Angeles, Ventura and Santa Barbara Counties; and Cheri Hoffman for CIC Cypress Village, LLC
Property Management Company: CIC Management, Inc.

Project Financing Information:
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
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: January 22, 2019
TEFRA Adoption Date: February 12, 2019

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 80
Manager's Units: 1 Unrestricted
Type: New Construction
Population Served: Family

Salerno Apartments is a new construction project located in Irvine on a 2.58-acre site. The project consists of 79 restricted rental units, and one unrestricted manager's unit. The project will have 24 one-bedroom units, 16 two-bedroom units and 40 three-bedroom units. The building will be four stories and slab on grade. Common amenities include community gathering space, swimming pool and tot lot. Each unit will have a washer and dryer. There are 173 parking spaces provided. Green features include a non-smoking policy, graywater irrigation and energy efficiency 7% beyond 2016 building code standards. The construction is expected to begin June 2019 and be completed in June 2020.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
87% (69 units) restricted to 50% or less of area median income households.
13% (10 units) restricted to 60% or less of area median income households.
Unit Mix: 1, 2 & 3 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:	\$ 39,469,929	
Estimated Hard Costs per Unit:	\$ 316,764	(\$25,341,114 /80 units including mgr. unit)
Estimated per Unit Cost:	\$ 493,374	(\$39,469,929 /80 units including mgr. unit)
Allocation per Unit:	\$ 317,500	(\$25,400,000 /80 units including mgr. unit)
Allocation per Restricted Rental Unit:	\$ 321,519	(\$25,400,000 /79 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 25,400,000	\$ 12,046,600
LIH Tax Credit Equity	\$ 2,318,368	\$ 15,455,784
Developer Equity	\$ 0	\$ 2,144,257
Deferred Developer Fee	\$ 0	\$ 882,390
Deferred Costs	\$ 4,321,223	\$ 0
County of Orange PSH	\$ 0	\$ 1,462,860
Residual Receipts Accrued interest	\$ 201,038	\$ 201,038
HOME (City of Irvine)	\$ 429,300	\$ 477,000
Irvine Community Land Trust	\$ 6,800,000	\$ 6,800,000
Total Sources	\$ 39,469,929	\$ 39,469,929

Uses of Funds:	
Land Cost/Acquisition	\$ 10,000
New Construction	\$ 23,212,069
Contractor Overhead & Profit	\$ 2,129,045
Survey and Engineering	\$ 400,000
Construction Interest and Fees	\$ 2,008,096
Permanent Financing	\$ 22,500
Legal Fees	\$ 262,500
Reserves	\$ 314,577
Appraisal	\$ 10,000
Hard Cost Contingency	\$ 1,502,254
Local Development Impact Fees	\$ 3,619,257
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 1,335,374
Developer Costs	\$ 4,644,257
Total Uses	\$ 39,469,929

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:

78.1 out of 140 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$25,400,000 in tax-exempt bond allocation.

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	5.6
Community Revitalization Area	5	5	0
Site Amenities	10	10	2.5
Service Amenities	10	10	0
New Construction or Substantial Renovation	10	10	10
Sustainable Building Methods	10	10	10
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	78.1