

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: Ruben Barcelo

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| Applicant: | City of Chula Vista |
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| Allocation Amount Requested: | |
| Tax-exempt: | \$21,400,000 |

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|--|----------------------------------|
| Project Information: | |
| Name: | St. Regis Park Apartments |
| Project Address: | 1025 Broadway |
| Project City, County, Zip Code: | Chula Vista, San Diego, 91911 |

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|-------------------------------------|--|
| Project Sponsor Information: | |
| Name: | St. Regis Park CIC, LP (Pacific Southwest Community Development Corporation; and CIC St. Regis Park, LLC) |
| Principals: | Robert W. Liang for Pacific Southwest Community Development Corporation; and Cheri Hoffman for CIC St. Regis Park, LLC |
| Property Management Company: | CIC Management, Inc. |

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|---------------------------------------|-----------------------------------|
| Project Financing Information: | |
| Bond Counsel: | Stradling, Yocca, Carlson & Rauth |
| 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: | June 29, 2018 |
| TEFRA Adoption Date: | July 17, 2018 |

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|---|--------------------------------|
| Description of Proposed Project: | |
| State Ceiling Pool: | General |
| Total Number of Units: | 119 |
| Manager's Units: | 1 Unrestricted |
| Type: | Acquisition and Rehabilitation |
| Population Served: | Family |

St. Regis Park Apartments is an existing project located in Chula Vista on a 4.31-acre site. The project provides 118 restricted rental units and 1 unrestricted manager unit distributed as 5 one-bedroom units, 109 two-bedroom units and 5 three-bedroom units. Building exterior renovations will include roof replacement, new doors and windows, stucco siding repair, wrought iron handrail replacement and fresh paint. Interior renovations will include upgrades to the laundry facilities, leasing office and common restrooms. Individual apartment units will be updated with new appliances, countertops, cabinets, plumbing fixtures, flooring, doors, shelves, ADA-compliant tub enclosures and electrical updates. Site area renovations will include upgrades to landscaping, drainage, ADA path-of-travel, fencing, concrete and pavement repairs, parking area re-striping for ADA compliance, repairs to the swimming pool including ADA-compliant gate, and new signage and mailboxes. The work is scheduled to begin in April 2019 and be completed in December 2019.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%

20% (24 units) restricted to 50% or less of area median income households.
80% (94 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: | \$ 39,504,971 | |
| Estimated Hard Costs per Unit: | \$ 54,512 | (\$6,486,936 /119 units including mgr. units) |
| Estimated per Unit Cost: | \$ 331,975 | (\$39,504,971 /119 units including mgr. units) |
| Allocation per Unit: | \$ 179,832 | (\$21,400,000 /119 units including mgr. units) |
| Allocation per Restricted Rental Unit: | \$ 181,356 | (\$21,400,000 /118 restricted units) |

| Sources of Funds: | Construction | Permanent |
|---|----------------------|----------------------|
| Tax-Exempt Bond Proceeds | \$ 21,400,000 | \$ 10,479,100 |
| LIH Tax Credit Equity | \$ 1,147,496 | \$ 11,474,955 |
| Deferred Developer Fee | \$ 0 | \$ 1,935,830 |
| Deferred Fees and Costs | \$ 4,472,389 | \$ 0 |
| Seller Carryback Loan | \$ 10,070,000 | \$ 13,200,000 |
| Net Income From Operations | \$ 698,935 | \$ 698,935 |
| City of Chula Vista Loan for Accrued Interest | \$ 1,275,778 | \$ 1,275,778 |
| Bond Performance Deposit Refund | \$ 100,000 | \$ 100,000 |
| Soft Loan Deferred Interest | \$ 340,373 | \$ 340,373 |
| Total Sources | \$ 39,504,971 | \$ 39,504,971 |

| Uses of Funds: | |
|---|----------------------|
| Land Cost/Acquisition | \$ 22,401,550 |
| Rehabilitation | \$ 6,746,708 |
| Relocation | \$ 686,000 |
| Contractor Overhead & Profit | \$ 629,430 |
| Architectural Fees | \$ 15,036 |
| Survey and Engineering | \$ 99,000 |
| Construction Interest and Fees | \$ 2,402,207 |
| Permanent Financing | \$ 22,500 |
| Legal Fees | \$ 240,000 |
| Reserves | \$ 332,026 |
| Appraisal | \$ 10,250 |
| Hard Cost Contingency | \$ 737,614 |
| Other Project Costs (Soft Costs, Marketing, etc.) | \$ 620,668 |
| Developer Costs | \$ 4,561,982 |
| Total Uses | \$ 39,504,971 |

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:

62.7 out of 140 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$21,400,000 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 | 30 |
| Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project] | [10] | [10] | 10 |
| Large Family Units | 5 | 5 | 0 |
| Leveraging | 10 | 10 | 3.7 |
| Community Revitalization Area | 5 | 5 | 0 |
| Site Amenities | 10 | 10 | 5 |
| Service Amenities | 10 | 10 | 0 |
| New Construction or Substantial Renovation | 10 | 10 | 10 |
| Sustainable Building Methods | 10 | 10 | 4 |
| 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 | 62.7 |