

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
July 17, 2019
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Richard Fischer

Applicant: California Statewide Communities Development Authority

Allocation Amount Requested:

Tax-exempt: \$20,000,000

Project Information:

Name: Huntington Pointe Apartments
Project Address: 18992 Florida Street
Project City, County, Zip Code: Huntington Beach, Orange, 92648

Project Sponsor Information:

Name: Huntington Pointe 2019 LP (Huntington Pointe 2019 COGP LLC & AHA Orange MGP, LLC)
Principals: Marquis E. Hyatt for Huntington Pointe 2019 COGP LLC; William W. Hirsch and Visalios Salamandrakis for AHA Orange MGP, LLC
Property Management Company: VPM 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: May 23, 2019
TEFRA Adoption Date: June 3, 2019

Description of Proposed Project:

State Ceiling Pool: General
Total Number of Units: 104
Manager's Units: 1 Unrestricted
Type: Acquisition and Rehabilitation
Population Served: Family

Huntington Pointe Apartments is an existing project located in Huntington Beach on a 2.13-acre site. The project consists of 103 restricted rental units and 1 unrestricted manager unit. The project has 24 Studio, 64 one-bedroom units and 16 two-bedroom units. The renovations will include building exterior and interior upgrades. Building exterior renovations will consist of stucco repairs, roof replacement, window replacements and a fresh coat of paint. Interior renovations will include laundry room, leasing office and community room upgrades. Individual apartment units will be updated with a new appliance package, paint and electrical lighting updates. The rehabilitation is expected to begin in August 2019 and will be completed in August 2020.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
20% (21 units) restricted to 50% or less of area median income households.
80% (82 units) restricted to 60% or less of area median income households.
Unit Mix: Studio, 1 & 2 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: | \$ 33,046,159 | |
| Estimated Hard Costs per Unit: | \$ 26,250 | (\$2,730,000 /104 units including mgr. units) |
| Estimated per Unit Cost: | \$ 317,752 | (\$33,046,159 /104 units including mgr. units) |
| Allocation per Unit: | \$ 192,308 | (\$20,000,000 /104 units including mgr. units) |
| Allocation per Restricted Rental Unit: | \$ 194,175 | (\$20,000,000 /103 restricted units) |

| Sources of Funds: | <u>Construction</u> | <u>Permanent</u> |
|----------------------------------|----------------------|----------------------|
| Tax-Exempt Bond Proceeds | \$ 20,000,000 | \$ 14,487,000 |
| LIH Tax Credit Equity | \$ 5,547,832 | \$ 9,246,387 |
| Developer Equity | \$ 0 | \$ 567,200 |
| Deferred Developer Fee | \$ 0 | \$ 1,987,185 |
| KDF Hermosa, L.P. | \$ 3,700,000 | \$ 3,700,000 |
| City of HB RDA (Loan Assumption) | \$ 1,700,000 | \$ 1,700,000 |
| Net Income From Operations | \$ 958,571 | \$ 1,358,387 |
| Total Sources | \$ 31,906,403 | \$ 33,046,159 |

| Uses of Funds: | |
|---|----------------------|
| Land Cost/Acquisition | \$ 23,300,000 |
| Rehabilitation | \$ 2,877,850 |
| Relocation | \$ 120,000 |
| Contractor Overhead & Profit | \$ 259,350 |
| Architectural Fees | \$ 64,100 |
| Survey and Engineering | \$ 50,000 |
| Construction Interest and Fees | \$ 1,456,241 |
| Permanent Financing | \$ 197,867 |
| Legal Fees | \$ 150,000 |
| Reserves | \$ 357,702 |
| Appraisal | \$ 4,500 |
| Hard Cost Contingency | \$ 311,220 |
| Local Development Impact Fees | \$ 4,200 |
| Other Project Costs (Soft Costs, Marketing, etc.) | \$ 196,129 |
| Developer Costs | \$ 3,697,000 |
| Total Uses | \$ 33,046,159 |

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:

63.5 out of 140 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$20,000,000 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 | 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 | 6 |
| Community Revitalization Area | 5 | 5 | 0 |
| Site Amenities | 10 | 10 | 7.5 |
| Service Amenities | 10 | 10 | 0 |
| New Construction or Substantial Renovation | 10 | 10 | 10 |
| Sustainable Building Methods | 10 | 10 | 0 |
| 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 | 63.5 |