

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
October 16, 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: Breezewood Apartments
Project Address: 3893 Kirkwood Avenue
Project City, County, Zip Code: Riverside, Riverside, 92501

Project Sponsor Information:

Name: Breezewood 2019 LP (AHA Inland II MGP, LLC and Breezewood 2019 COGP LLC)
Principals: William W. Hirsch and Vasilios Salamandrakis for AHA Inland II MGP, LLC; Marquis E. Hyatt for Breezewood 2019 COGP LLC
Property Management Company: VPM MANAGEMENT INC

Project Financing Information:

Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Private Placement Purchaser: Citibank, N.A./KDF Breezewood, L.P.
Cash Flow Permanent Bond: KDF Breezewood, L.P.
Public Sale: Not Applicable
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Rating: Not Applicable
TEFRA Noticing Date: April 1, 2019
TEFRA Adoption Date: April 16, 2019

Description of Proposed Project:

State Ceiling Pool: General
Total Number of Units: 157
Manager's Units: 1 Unrestricted
Type: Acquisition and Rehabilitation
Population Served: Family

Breezewood Apartments is an existing project located in Riverside on an 8.9-acre site. The project consists of 156 restricted rental units and 1 unrestricted manager unit. The project has 157 two-bedroom units. Building exterior renovations will consist of stucco repairs, roof replacement, window replacements, replacing exterior lighting with LED energy efficient lighting and a fresh coat of paint. Fifty percent of the individual apartment units will be updated with new refrigerators, shower and tub fixtures, paint and electrical updates. The rest have already been updated. Lastly, common or site area renovations will consist of asphalt replacement and ADA updates. The rehabilitation is expected to begin in July 2019 and will be completed in July 2020.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%

20% (31 units) restricted to 50% or less of area median income households.

80% (125 units) restricted to 60% or less of area median income households.

Unit Mix: 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:

Estimated Total Development Cost:	\$ 25,589,571	
Estimated Hard Costs per Unit:	\$ 25,221	(\$3,959,720 /157 units including mgr. unit)
Estimated per Unit Cost:	\$ 162,991	(\$25,589,571 /157 units including mgr. unit)
Allocation per Unit:	\$ 127,389	(\$20,000,000 /157 units including mgr. unit)
Allocation per Restricted Rental Unit:	\$ 128,205	(\$20,000,000 /156 restricted unit)

Sources of Funds:

	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 15,250,000	\$ 10,370,000
Cash Flow Permanent Bonds	\$ 4,750,000	\$ 4,750,000
LIH Tax Credit Equity	\$ 2,818,411	\$ 7,046,026
Developer Equity	\$ 795,530	\$ 795,530
Deferred Developer Fee	\$ 0	\$ 1,795,456
Net Income From Operations	\$ 832,559	\$ 832,559
Total Sources	\$ 24,446,500	\$ 25,589,571

Uses of Funds:

Land Cost/Acquisition	\$	15,400,000
Rehabilitation	\$	4,157,706
Relocation	\$	192,000
Contractor Overhead & Profit	\$	356,374
Architectural Fees	\$	69,100
Survey and Engineering	\$	45,000
Construction Interest and Fees	\$	1,014,405
Permanent Financing	\$	183,533
Legal Fees	\$	150,000
Reserves	\$	334,227
Appraisal	\$	5,675
Hard Cost Contingency	\$	451,408
Local Development Impact Fees	\$	10,000
Other Project Costs (Soft Costs, Marketing, etc.)	\$	210,143
Developer Costs	\$	3,010,000
Total Uses	\$	25,589,571

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:

52.4 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	29.9
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	10
Community Revitalization Area	5	5	0
Site Amenities	10	10	2.5
Service Amenities	10	10	0
New Construction or Substantial Renovation	10	10	0
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	52.4