

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
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Allocation Amount Requested:	Tax-exempt: \$35,000,000
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Project Information:	Name: Salinas Pointe Apartments
	Project Address: 1260 John Street
	Project City, County, Zip Code: Salinas, Monterey, 93905

Project Sponsor Information:	Name: Salinas Pointe 2019 LP (AHA Santa Clara MGP LLC and Salinas Pointe 2019 COGP LLC)
	Principals: William W. Hirsch and Visalios Salamandrakis for AHA Santa Clara MGP, LLC; Marquis E. Hyatt for Salinas Pointe 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 Los Padres, L.P.
	Cash Flow Permanent Bond: KDF Los Padres, L.P.
	Public Sale: Not Applicable
	Underwriter: Not Applicable
	Credit Enhancement Provider: Not Applicable
	Rating: Not Applicable
	TEFRA Noticing Date: February 27, 2019
	TEFRA Adoption Date: March 19, 2019

Description of Proposed Project:	State Ceiling Pool: General
	Total Number of Units: 220
	Manager's Units: 2 Unrestricted
	Type: Acquisition and Rehabilitation
	Population Served: Family

Salinas Pointe Apartments is an existing project located in Salinas on a 8.9-acre site. The project consists of 164 restricted rental units, 54 market rate units and 2 unrestricted manager units. The project has 4 studio units, 124 one-bedroom units, 81 two-bedroom units and 11 three-bedroom units. The renovations will include building exterior and interior upgrades. Building exterior renovations will consist of stucco repairs, roof replacement and a fresh coat of paint. Interior renovations will include i.e. Energy efficient lighting upgrades. Individual apartment units will be updated with a new kitchen appliance energy saving package 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: 75%
10% (22 units) restricted to 50% or less of area median income households.
65% (142 units) restricted to 60% or less of area median income households.
Unit Mix: Studio, 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: \$ 48,436,123
Estimated Hard Costs per Unit: \$ 28,417 (\$6,251,700 /220 units including mgr. units)
Estimated per Unit Cost: \$ 220,164 (\$48,436,123 /220 units including mgr. units)
Allocation per Unit: \$ 159,091 (\$35,000,000 /220 units including mgr. units)
Allocation per Restricted Rental Unit: \$ 213,415 (\$35,000,000 /164 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 29,000,000	\$ 24,647,000
Cash Flow Permanent Bonds	\$ 6,000,000	\$ 6,000,000
LIH Tax Credit Equity	\$ 4,328,939	\$ 10,771,174
Developer Equity	\$ 1,206,239	\$ 1,206,239
Deferred Developer Fee	\$ 0	\$ 2,024,344
City of Salinas RDA Loan	\$ 1,800,000	\$ 1,800,000
Net Income From Operations	\$ 2,048,239	\$ 1,987,366
Total Sources	\$ 44,383,417	\$ 48,436,123

Uses of Funds:	
Land Cost/Acquisition	\$ 31,400,000
Rehabilitation	\$ 6,589,285
Relocation	\$ 120,000
Contractor Overhead & Profit	\$ 562,653
Architectural Fees	\$ 69,100
Survey and Engineering	\$ 45,000
Construction Interest and Fees	\$ 1,836,325
Permanent Financing	\$ 270,667
Legal Fees	\$ 150,000
Reserves	\$ 598,736
Appraisal	\$ 6,350
Hard Cost Contingency	\$ 712,694
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 279,313
Developer Costs	\$ 5,796,000
Total Uses	\$ 48,436,123

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:

64.4 out of 140 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$35,000,000 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	20
Exceeding Minimum Income Restrictions:	35	15	20.1
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	0
Large Family Units	5	5	0
Leveraging	10	10	4.3
Community Revitalization Area	5	5	0
Site Amenities	10	10	10
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	110	64.4