

**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*

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**Applicant:** California Statewide Communities Development Authority

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**Allocation Amount Requested:**

**Tax-exempt:** \$24,200,000

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**Project Information:**

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

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**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.

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**Project Financing Information:**

**Bond Counsel:** Orrick, Herrington & Sutcliffe LLP  
**Private Placement Purchaser:** Citibank, N.A./KDF QV, L.P.  
**Cash Flow Permanent Bond:** KDF QV, L.P.  
**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

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**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

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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 began 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:** \$ 33,083,615  
**Estimated Hard Costs per Unit:** \$ 26,250 (\$2,730,000 /104 units including mgr. units)  
**Estimated per Unit Cost:** \$ 318,112 (\$33,083,615 /104 units including mgr. units)  
**Allocation per Unit:** \$ 232,692 (\$24,200,000 /104 units including mgr. units)  
**Allocation per Restricted Rental Unit:** \$ 234,951 (\$24,200,000 /103 restricted units)

| <b>Sources of Funds:</b>         | Construction         | Permanent            |
|----------------------------------|----------------------|----------------------|
| Tax-Exempt Bond Proceeds         | \$ 22,500,000        | \$ 16,815,000        |
| Cash Flow Permanent Bonds        | \$ 1,700,000         | \$ 1,700,000         |
| LIH Tax Credit Equity            | \$ 3,664,654         | \$ 9,161,635         |
| Developer Equity                 | \$ 567,200           | \$ 567,200           |
| Deferred Developer Fee           | \$ 0                 | \$ 1,777,878         |
| City of HB RDA (Loan Assumption) | \$ 1,700,000         | \$ 1,700,000         |
| Net Income From Operations       | \$ 1,361,902         | \$ 1,361,902         |
| <b>Total Sources</b>             | <b>\$ 31,493,756</b> | <b>\$ 33,083,615</b> |

| <b>Uses of Funds:</b>                             |                      |
|---|----------------------|
| Land Cost/Acquisition                             | \$ 23,300,000        |
| Rehabilitation                                    | \$ 2,877,850         |
| Relocation  | \$ 132,000           |
| Contractor Overhead & Profit                      | \$ 259,350           |
| Architectural Fees                                | \$ 79,100            |
| Survey and Engineering                            | \$ 45,000            |
| Construction Interest and Fees                    | \$ 1,447,278         |
| Permanent Financing                               | \$ 221,200           |
| Legal Fees  | \$ 150,000           |
| Reserves  | \$ 356,904           |
| Appraisal   | \$ 4,500             |
| Hard Cost Contingency                             | \$ 311,220           |
| Local Development Impact Fees                     | \$ 4,200             |
| Other Project Costs (Soft Costs, Marketing, etc.) | \$ 196,013           |
| Developer Costs                                   | \$ 3,699,000         |
| <b>Total Uses</b>                                 | <b>\$ 33,083,615</b> |

**Analyst Comments:**

None

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**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.

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**Total Points:**

63.5 out of 140 [See Attachment A]

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**Recommendation:**

Staff recommends that the Committee approves \$24,200,000 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<br>[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<br>(Competitive Allocation Process Only)                              | 10   | 10   | N/A           |
| Minimum Term of Restrictions<br>(Competitive Allocation Process Only)                                | 10   | 10   | N/A           |
| Negative Points (No Maximum)   | -10  | -10  | 0             |
| <b>Total Points</b>  | <b>140</b>   | <b>120</b>                                       | <b>63.5</b>   |