

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: Isaac Clark III

Applicant:	California Municipal Finance Authority
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Allocation Amount Requested:	
Tax-exempt:	\$21,557,591

Project Information:	
Name:	Windsor Gardens
Project Address:	1600 West 9th Avenue
Project City, County, Zip Code:	Escondido, San Diego, 92029

Project Sponsor Information:	
Name:	CHW Windsor Gardens, LLC (CHW Windsor Gardens, LLC)
Principals:	Susan M. Reynolds for Windsor Gardens Housing Associates, LP
Property Management Company:	ConAm Management Corp.

Project Financing Information:	
Bond Counsel:	Jones Hall, A Professional Law Corporation
Private Placement Purchaser:	Union Bank/City of Escondido
Cash Flow Permanent Bond:	Not Applicable
Public Sale:	Not Applicable
Underwriter:	Not Applicable
Credit Enhancement Provider:	Not Applicable
Rating:	Not Applicable
TEFRA Noticing Date:	August 7, 2019
TEFRA Adoption Date:	January 0, 1900

Description of Proposed Project:	
State Ceiling Pool:	General
Total Number of Units:	132
Manager's Units:	2 Unrestricted
Type:	Acquisition and Rehabilitation
Population Served:	Senior Citizens

Windsor Gardens is an existing project located in Escondido on a 6.03-acre site. The project consists of 130 restricted rental units, 0 market rate units and 2 unrestricted manager units. The project has 127 one-bedroom units, 3 two-bedroom units and 0 three-bedroom units. The renovations will include building (exterior/interior) upgrades. Building exterior renovations will consist of replacement of existing roof sheathing at flat roofs, install tankless water heaters, install new windows, and building repairs. Interior renovations will include energy efficient windows, remove carpet to install resilient vinyl wood plank flooring, drywall repairs, wood kitchen cabinets, countertops, LED lighting, and replace bathroom exhaust fan. Lastly, common or site area renovations will consist of new resilient vinyl flooring, LED interior lighting, fresh paint, cabinets, doors, windows, bathroom, computer room, upgraded conference room, and ADA upgrades. The rehabilitation is expected to begin in January 2020 and complete December 2020.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
62% (80 units) restricted to 50% or less of area median income households.
38% (50 units) restricted to 60% or less of area median income households.
Unit Mix: 1 & 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: \$ 26,639,963
Estimated Hard Costs per Unit: \$ 32,623 (\$4,306,197 /132 units including mgr. units)
Estimated per Unit Cost: \$ 201,818 (\$26,639,963 /132 units including mgr. units)
Allocation per Unit: \$ 163,315 (\$21,557,591 /132 units including mgr. units)
Allocation per Restricted Rental Unit: \$ 165,828 (\$21,557,591 /130 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 10,579,268	\$ 4,881,000
Cash Flow Permanent Bonds	\$ 0	\$ 0
Tranche B Financing	\$ 10,978,323	\$ 9,678,323
Taxable Bond Proceeds	\$ 0	\$ 0
LIH Tax Credit Equity	\$ 0	\$ 8,243,964
General Partner Equity	\$ 199,200	\$ 199,200
Deferred Developer Fee	\$ 1,801,229	\$ 1,801,229
Accrued/Deferred Interest-SC	\$ 382,622	\$ 382,622
Limited Partner Equity	\$ 836,376	\$ 0
Itemized Public Funds Sources	\$ 0	\$ 0
Net Income From Operations	\$ 0	\$ 530,558
City of Escondido Loan	\$ 900,000	\$ 900,000
Accrued/Deferred Interest-Escondido	\$ 23,067	\$ 23,067
Cost Deferred Until Conversion	\$ 1,059,678	\$ 0
Total Sources	\$ 26,759,763	\$ 26,639,963

Uses of Funds:	
Land Cost/Acquisition	\$ 14,929,375
Rehabilitation	\$ 5,013,995
Relocation	\$ 430,000
New Construction	\$ 0
Contractor Overhead & Profit	\$ 0
Architectural Fees	\$ 265,000
Survey and Engineering	\$ 60,000
Construction Interest and Fees	\$ 1,353,348
Permanent Financing	\$ 44,108
Legal Fees	\$ 30,000
Reserves	\$ 327,342
Appraisal	\$ 9,000
Hard Cost Contingency	\$ 711,842
Local Development Impact Fees	\$ 0
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 264,724
Developer Costs	\$ 3,201,229
Total Uses	\$ 26,639,963

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:

69 out of 140 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$21,557,591 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	35
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	4.50
Large Family Units	5	5	0.00
Leveraging	10	10	10.00
Community Revitalization Area	5	5	0.00
Site Amenities	10	10	7.50
Service Amenities	10	10	0.00
New Construction or Substantial Renovation	10	10	10.00
Sustainable Building Methods	10	10	2.00
Forgone Eligible Developer Fee (Competitive Allocation Process Only)	10	10	0.00
Minimum Term of Restrictions (Competitive Allocation Process Only)	10	10	0.00
Negative Points (No Maximum)	-10	-10	0.00
Total Points	140	120	69.00