

**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: Chee Thao Yang*

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<b>Applicant:</b>	<b>California Statewide Communities Development Authority</b>
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<b>Allocation Amount Requested:</b>	<b>Tax-exempt:</b>	\$22,600,000
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<b>Project Information:</b>	<b>Name:</b>	<b>Desert Villas</b>
	<b>Project Address:</b>	1755 Main Street
	<b>Project City, County, Zip Code:</b>	El Centro, Imperial, 92243

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<b>Project Sponsor Information:</b>	<b>Name:</b>	El Centro Affordable Communities, LP (Pacific Housing, Inc. & El Centro Communities, LLC)
	<b>Principals:</b>	Mark Wiese for Pacific Housing; Jules Arthur for El Centro Communities, LLC
	<b>Property Management Company:</b>	Logan Property Management, Inc.

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<b>Project Financing Information:</b>	<b>Bond Counsel:</b>	Orrick, Herrington & Sutcliffe LLP
	<b>Private Placement Purchaser:</b>	Citibank, N.A./Plaza Seniors Housing Partners, LP
	<b>Cash Flow Permanent Bond:</b>	Plaza Seniors Housing Partners, LP
	<b>Public Sale:</b>	Not Applicable
	<b>Underwriter:</b>	Not Applicable
	<b>Credit Enhancement Provider:</b>	Not Applicable
	<b>Rating:</b>	Not Applicable
	<b>TEFRA Noticing Date:</b>	August 23, 2019
	<b>TEFRA Adoption Date:</b>	September 3, 2019

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<b>Description of Proposed Project:</b>	<b>State Ceiling Pool:</b>	General
	<b>Total Number of Units:</b>	172
	<b>Manager's Units:</b>	2 Unrestricted
	<b>Type:</b>	Acquisition and Rehabilitation
	<b>Population Served:</b>	Family

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Desert Villas is an existing project located in El Centro on a 4.0-acre site. The project consists of 170 restricted rental units and 2 unrestricted managers' units. The project has 172 one-bedroom units. The renovations will include building exterior and interior upgrades. Building exterior renovations will consist of replacement of roof, repair and resurface of entry landing and termite treatment. Interior renovations will consist of replacing existing heat pumps and replacing angle stops. Individual apartment units will be updated with new range, range hood, refrigerator, new kitchen and bath cabinets, new carpets, drywall repairs, replace countertops, installation of vinyl flooring in kitchens and bathrooms, fresh coat of paints for units, replace sinks and faucets, replace bathroom accessories, replace bathroom fans and convert 18 units to meet ADA requirements. Lastly, common or site area renovations will consist of landscape upgrades, replace site lighting, repair asphalt, reseal and striping and install new driveway. The rehabilitation is expected to begin in January 2020 and be completed in January 2021.

### Description of Public Benefits:

**Percent of Restricted Rental Units in the Project:** 100%  
30% (51 units) restricted to 50% or less of area median income households.  
70% (119 units) restricted to 60% or less of area median income households.  
**Unit Mix:** 1 bedroom

The proposed project will not be receiving service amenity points.

### Term of Restrictions:

**Income and Rent Restrictions:** 55 years

### Details of Project Financing:

<b>Estimated Total Development Cost:</b>	\$	24,978,226	
<b>Estimated Hard Costs per Unit:</b>	\$	27,641	(\$4,754,300 /172 units including mgr. units)
<b>Estimated per Unit Cost:</b>	\$	145,222	(\$24,978,226 /172 units including mgr. units)
<b>Allocation per Unit:</b>	\$	131,395	(\$22,600,000 /172 units including mgr. units)
<b>Allocation per Restricted Rental Unit:</b>	\$	132,941	(\$22,600,000 /170 restricted units)

#### Sources of Funds:

	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 12,400,000	\$ 12,400,000
Cash Flow Permanent Bonds	\$ 4,680,000	\$ 4,680,000
Tranche B Financing	\$ 5,520,000	\$ 0
LIH Tax Credit Equity	\$ 399,842	\$ 7,233,907
Deferred Developer Fee	\$ 1,978,384	\$ 664,319
<b>Total Sources</b>	<b>\$ 24,978,226</b>	<b>\$ 24,978,226</b>

#### Uses of Funds:

Land Cost/Acquisition	\$ 13,666,050
Rehabilitation	\$ 5,121,199
Relocation	\$ 172,000
Contractor Overhead & Profit	\$ 403,164
Architectural Fees	\$ 85,000
Construction Interest and Fees	\$ 190,200
Permanent Financing	\$ 413,682
Legal Fees	\$ 200,000
Reserves	\$ 345,366
Appraisal	\$ 10,000
Hard Cost Contingency	\$ 528,256
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 864,925
Developer Costs	\$ 2,978,384
<b>Total Uses</b>	<b>\$ 24,978,226</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:**

55 out of 140 [See Attachment A]

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**Recommendation:**

Staff recommends that the Committee approves \$22,600,000 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	10
Exceeding Minimum Income Restrictions:	35	15	35
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	0
Community Revitalization Area	5	5	0
Site Amenities	10	10	10
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
<b>Total Points</b>	<b>140</b>	<b>110</b>	<b>55</b>