

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
December 11, 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: \$15,650,000

Project Information:

Name: Pacific Palms Apartments
Project Address: 410 S. Calle Encilia
Project City, County, Zip Code: Palm Springs, Riverside, 92262

Project Sponsor Information:

Name: Pacific Palms Apartments, LP (Spira Pacific Palms, LP and FFAH V Pacific Palms, LLC)
Principals: Stephen Ho & Robert Lee for Spira Pacific Palms, LP;
Deborah A. Willard for the FFAH V Pacific Palms, LLC
Property Management Company: Aperto Property Management, Inc.

Project Financing Information:

Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Private Placement Purchaser: Capitol One, N.A.
Cash Flow Permanent Bond: Not Applicable
Public Sale: Not Applicable
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Rating: Not Applicable
TEFRA Noticing Date: October 16, 2019
TEFRA Adoption Date: October 23, 2019

Description of Proposed Project:

State Ceiling Pool: General
Total Number of Units: 140
Manager's Units: 2 Unrestricted
Type: Acquisition and Rehabilitation
Population Served: Family

Pacific Palms Apartments is an existing project located in Palm Springs on a 5.57-acre site. The project consists of 138 restricted rental units and 2 unrestricted managers' units. The project has 26 one-bedroom units, 82 two-bedroom units and 32 three-bedroom units. The renovations will include building exterior and interior upgrades. Building exterior renovations will consist of siding 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 kitchen appliance package, countertops, cabinets, lighting fixtures, paint and electrical updates. Lastly, common or site area renovations will consist of concrete repairs, asphalt replacement and ADA updates. The rehabilitation is expected to begin in March 2020 and will be completed in September 2021.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
10% (14 units) restricted to 50% or less of area median income households.
90% (124 units) restricted to 60% or less of area median income households.
Unit Mix: 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: \$ 27,941,815
Estimated Hard Costs per Unit: \$ 25,000 (\$3,500,000 /140 units including mgr. units)
Estimated per Unit Cost: \$ 199,584 (\$27,941,815 /140 units including mgr. units)
Allocation per Unit: \$ 111,786 (\$15,650,000 /140 units including mgr. units)
Allocation per Restricted Rental Unit: \$ 113,406 (\$15,650,000 /138 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 15,650,000	\$ 15,650,000
LIH Tax Credit Equity	\$ 1,560,670	\$ 8,664,833
Developer Equity	\$ 909,575	\$ 909,575
Deferred Developer Fee	\$ 3,358,590	\$ 1,335,116
Seller Carryback Loan	\$ 5,080,689	\$ 0
Net Income From Operations	\$ 1,382,291	\$ 1,382,291
Total Sources	\$ 27,941,815	\$ 27,941,815

Uses of Funds:	
Land Cost/Acquisition	\$ 18,000,980
Rehabilitation	\$ 3,752,000
Relocation	\$ 105,400
Contractor Overhead & Profit	\$ 280,000
Architectural Fees	\$ 200,000
Construction Interest and Fees	\$ 1,059,380
Legal Fees	\$ 131,600
Reserves	\$ 340,074
Appraisal	\$ 10,000
Hard Cost Contingency	\$ 403,200
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 300,591
Developer Costs	\$ 3,358,590
Total Uses	\$ 27,941,815

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:

57 out of 140 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$15,650,000 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	25
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	2
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	57