

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: Isaac Clark III

Applicant:	California Municipal Finance Authority
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Allocation Amount Requested:	
Tax-exempt:	\$12,916,397

Project Information:	
Name:	Mission Village II
Project Address:	28493 Pujol Street
Project City, County, Zip Code:	Temecula, Riverside, 92590

Project Sponsor Information:	
Name:	Temecula Gardens II, LP (AHG Temecula Gardens II, LLC / Nexus for Affordable Housing, Inc.)
Principals:	James Silverwood, President, Nicki Cometa, CFO for AHG Temecula Gardens II, LLC / Gina Onweiler, President for Nexus for Affordable Housing, Inc.
Property Management Company:	Solari Enterprises, Inc.

Project Financing Information:	
Bond Counsel:	Quint & Thimmig LLP
Private Placement Purchaser:	JPMorgan Chase Bank, 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 8, 2019
TEFRA Adoption Date:	September 19, 2019

Description of Proposed Project:	
State Ceiling Pool:	General
Total Number of Units:	76
Manager's Units:	1 Unrestricted
Type:	Acquisition and Rehabilitation
Population Served:	Family

Mission Village II is located in Temecula on a 4.5-acre site. The entire project consists of 75 restricted rental units, 0 market rate units and 1 unrestricted manager unit. The entire project has 38 two-bedroom units, 37 three-bedroom units, and 1 two-bedroom unit as the manager unit. Site renovations will consist of landscaping, increased accessibility, a tot lot and a dog run. Additional renovations will include a community room, property manager's office, and laundry facilities. The project will include 157 parking spaces, including ADA spaces. The rehabilitation is expected to begin by March 2020 and be completed by December 2020.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
11% (8 units) restricted to 50% or less of area median income households.
89% (67 units) restricted to 60% or less of area median income households.
Unit Mix: 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: \$ 18,899,247
Estimated Hard Costs per Unit: \$ 56,490 (\$4,293,258 /76 units including mgr. unit)
Estimated per Unit Cost: \$ 248,674 (\$18,899,247 /76 units including mgr. unit)
Allocation per Unit: \$ 169,953 (\$12,916,397 /76 units including mgr. unit)
Allocation per Restricted Rental Unit: \$ 172,219 (\$12,916,397 /75 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 12,916,397	\$ 6,558,336
Cash Flow Permanent Bonds	\$ 0	\$ 0
Tranche B Financing	\$ 0	\$ 1,925,000
Taxable Bond Proceeds	\$ 0	\$ 0
LIH Tax Credit Equity	\$ 640,400	\$ 4,926,156
Income from Operatons	\$ 0	\$ 0
Deferred Developer Fee	\$ 861,198	\$ 861,198
Costs Deferred Until Conversion	\$ 474,757	\$ 0
Seller Carryback Loan	\$ 3,701,494	\$ 3,701,494
City of Long Beach	\$ 0	\$ 0
Accrued Deferred Interest-Seller Carryback	\$ 0	\$ 0
Solar Credit	\$ 0	\$ 261,063
MASH-Southern CA Edison	\$ 0	\$ 361,000
RDA Existing Loan	\$ 305,000	\$ 305,000
Total Sources	\$ 18,899,246	\$ 18,899,247

Uses of Funds:	
Land Cost/Acquisition	\$ 9,300,000
Rehabilitation	\$ 3,822,130
Relocation	\$ 134,118
New Construction	\$ 879,000
Contractor Overhead & Profit	\$ 0
Architectural Fees	\$ 133,200
Survey and Engineering	\$ 80,000
Construction Interest and Fees	\$ 650,000
Permanent Financing	\$ 396,664
Legal Fees	\$ 175,000
Reserves	\$ 196,000
Appraisal	\$ 10,000
Hard Cost Contingency	\$ 565,870
Local Development Impact Fees	\$ 0
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 402,279
Developer Costs	\$ 2,154,986
Total Uses	\$ 18,899,247

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:

60.33 out of 140 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$12,916,397 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	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	0.00
Leveraging	10	10	0.00
Community Revitalization Area	5	5	0.00
Site Amenities	10	10	5.00
Service Amenities	10	10	0.00
New Construction or Substantial Renovation	10	10	10.00
Sustainable Building Methods	10	10	0.00
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	110	60.33