

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: Sarah Lester

Applicant: California Municipal Finance Authority

Allocation Amount Requested:
Tax-exempt: \$19,576,279

Project Information:
Name: Plaza de Cabrillo (fka Casa de Plaza)
Project Address: 2111 W. Williams Street
Project City, County, Zip Code: Long Beach, Los Angeles, 90810

Project Sponsor Information:
Name: Plaza de Cabrillo, LP (CVC Phase II, LLC)
Principals: Ron Griffith, Alan Hoffman, Brian D'Andrea and Oscar Alvarado
Property Management Company: Century Villages Property Management, LLC

Project Financing Information:
Bond Counsel: Quint & Thimmig LLP
Private Placement Purchaser: Wells Fargo Bank, N.A./California Community Reinvestment Corporation
Cash Flow Permanent Bond: Not Applicable
Public Sale: Not Applicable
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Rating: Not Applicable
TEFRA Noticing Date: March 9, 2019
TEFRA Adoption Date: March 26, 2019

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 204
Manager's Units: 4 Unrestricted
Type: Acquisition and Rehabilitation
Population Served: Family/Special Needs

Plaza de Cabrillo Apartments (fka Casa de Plaza) is an existing project located in Long Beach on a 2.23-acre site. The project consists of 200 restricted rental units and 4 unrestricted managers' units. The project consists of all Studio 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 elevator replacement, HVAC system upgrades, upgrades to the common area community room, laundry room and fitness center. Individual apartment units will be updated with new countertops in the kitchen and bathrooms, replacement of unit doors and hardware, storefront windows and damaged window sills. Lastly, common or site area renovations will consist of concrete repairs and asphalt replacement. The rehabilitation is expected to begin in March 2020 and to be completed in March 2021.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
90% (180 units) restricted to 50% or less of area median income households.
10% (20 units) restricted to 60% or less of area median income households.
Unit Mix: Studio

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: \$ 37,237,943
Estimated Hard Costs per Unit: \$ 43,729 (\$8,920,768 /204 units including mgr. units)
Estimated per Unit Cost: \$ 182,539 (\$37,237,943 /204 units including mgr. units)
Allocation per Unit: \$ 95,962 (\$19,576,279 /204 units including mgr. units)
Allocation per Restricted Rental Unit: \$ 97,881 (\$19,576,279 /200 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 19,576,279	\$ 4,108,000
LIH Tax Credit Equity	\$ 1,100,651	\$ 12,059,509
Developer Equity	\$ 100	\$ 100
Deferred Developer Fee	\$ 1,262,919	\$ 1,262,919
Deferred Costs	\$ 1,227,729	\$ 0
Seller Carryback Loan	\$ 8,363,003	\$ 8,363,003
Income from Operations	\$ 0	\$ 237,150
Sponsor Loan	\$ 0	\$ 5,000,000
Federal Home Loan - AHP	\$ 1,500,000	\$ 1,500,000
Accrued Project Reserves	\$ 500,000	\$ 500,000
GP Loan - Home Depot Funds	\$ 0	\$ 500,000
Century Senior Loan & Accrued Interest	\$ 1,215,371	\$ 1,215,371
Century Legacy Loan & Accrued Interest	\$ 732,931	\$ 732,931
Capital Contribution - Developer Fee	\$ 1,758,960	\$ 1,758,960
Total Sources	\$ 37,237,943	\$ 37,237,943

Uses of Funds:	
Land Cost/Acquisition	\$ 17,500,000
Rehabilitation	\$ 8,901,783
Relocation	\$ 248,400
Contractor Overhead & Profit	\$ 1,076,492
Architectural Fees	\$ 415,000
Construction Interest and Fees	\$ 1,859,904
Permanent Financing	\$ 80,540
Legal Fees	\$ 75,000
Reserves	\$ 877,408
Appraisal	\$ 15,000
Hard Cost Contingency	\$ 1,081,591
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 584,946
Developer Costs	\$ 4,521,879
Total Uses	\$ 37,237,943

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 out of 140 [See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$19,576,279 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	35
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	10
Large Family Units	5	5	0
Leveraging	10	10	0
Community Revitalization Area	5	5	0
Site Amenities	10	10	5
Service Amenities	10	10	0
New Construction or Substantial Renovation	10	10	10
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
Total Points	140	120	60