

**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*

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**Applicant:** California Municipal Finance Authority

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**Allocation Amount Requested:**  
**Tax-exempt:** \$21,166,830

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**Project Information:**  
**Name:** Cathedral Palms Senior Apartments  
**Project Address:** 31-750 Landau Blvd.  
**Project City, County, Zip Code:** Cathedral City, Riverside, 92234

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**Project Sponsor Information:**  
**Name:** CP Senior Apartments, L.P. (CP Senior GP LLC and Red Stone Equity Manager, LLC)  
**Principals:** Steve PonTell, Michael Finn, Michael Ruane and Robert Diaz for CP Senior GP LLC; Matt Grosz for Red Stone Equity Manager, LLC  
**Property Management Company:** National Community Renaissance of California

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**Project Financing Information:**  
**Bond Counsel:** Orrick, Herrington & Sutcliffe 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:** September 20, 2019  
**TEFRA Adoption Date:** October 8, 2019

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**Description of Proposed Project:**  
**State Ceiling Pool:** General  
**Total Number of Units:** 224  
**Manager's Units:** 2 Unrestricted  
**Type:** Acquisition and Rehabilitation  
**Population Served:** Family

Cathedral Palms Senior Apartments is an existing project located in Cathedral City on a 9.97-acre site. The project consists of 222 restricted rental units and 2 unrestricted managers' units. The project has 184 studio units and 40 two-bedroom units. The renovations will include building exterior and interior upgrades. Building exterior renovations will consist of siding repairs, roof replacement, window replacements, fence replacement 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, electrical 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 April 2020 and will be completed in December 2021.

**Description of Public Benefits:**

**Percent of Restricted Rental Units in the Project:** 100%  
100% (222 units) restricted to 50% or less of area median income households.  
**Unit Mix:** Studio & 2 bedroom

The proposed project will be receiving service amenity points.

**Term of Restrictions:**

**Income and Rent Restrictions:** 55 years

**Details of Project Financing:**

<b>Estimated Total Development Cost:</b>	\$ 43,915,481	
<b>Estimated Hard Costs per Unit:</b>	\$ 60,936	(\$13,649,662 /224 units including mgr. units)
<b>Estimated per Unit Cost:</b>	\$ 196,051	(\$43,915,481 /224 units including mgr. units)
<b>Allocation per Unit:</b>	\$ 94,495	(\$21,166,830 /224 units including mgr. units)
<b>Allocation per Restricted Rental Unit:</b>	\$ 95,346	(\$21,166,830 /222 restricted units)

<b>Sources of Funds:</b>	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 21,166,830	\$ 4,581,000
LIH Tax Credit Equity	\$ 1,415,314	\$ 14,153,137
Developer Equity	\$ 1,559,456	\$ 1,559,456
Deferred Developer Fee	\$ 2,805,000	\$ 274,362
Deferred Costs	\$ 1,334,260	\$ 0
Seller Carryback Loan	\$ 14,419,496	\$ 14,419,496
Seller Note	\$ 1,215,125	\$ 1,215,125
HCD No Place Like Home	\$ 0	\$ 7,712,905
<b>Total Sources</b>	<b>\$ 43,915,481</b>	<b>\$ 43,915,481</b>

<b>Uses of Funds:</b>	
Land Cost/Acquisition	\$ 15,600,000
Rehabilitation	\$ 14,596,689
Relocation	\$ 1,030,560
Contractor Overhead & Profit	\$ 1,157,491
Architectural Fees	\$ 340,980
Survey and Engineering	\$ 312,726
Construction Interest and Fees	\$ 1,820,135
Legal Fees	\$ 165,000
Reserves	\$ 1,047,261
Appraisal	\$ 10,000
Hard Cost Contingency	\$ 1,429,980
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 1,345,204
Developer Costs	\$ 5,059,455
<b>Total Uses</b>	<b>\$ 43,915,481</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:**

62.5 out of 135 [See Attachment A]

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**Recommendation:**

Staff recommends that the Committee approves \$21,166,830 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	10
Community Revitalization Area	5	5	0
Site Amenities	10	10	2.5
Service Amenities	10	10	5
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>135</b>	<b>120</b>	<b>62.5</b>