

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
February 18, 2020
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
Allocation Amount Requested:	
Tax-exempt:	\$23,150,000
Project Information:	
Name:	Mission Heritage Plaza
Project Address:	3933 Mission Inn Avenue 3655 Fairmount Boulevard
Project City, County, Zip Code:	Riverside, Riverside, 92501
Project Sponsor Information:	
Name:	Mission Heritage, LP (Wakeland Mission Heritage, LLC / MHP-FH, LLC)
Principals:	Kenneth L. Sauder, President & CEO / Rebecca Louis, VP & COO / Joan Edelman, CFO / Peter Armstrong, VP of Development for Wakeland Mission Heritage, LLC / Rose Mayes, ED for MHP-FH, LLC
Property Management Company:	ConAm Management Corporation
Project Financing Information:	
Bond Counsel:	Jones Hall, A Professional Law Corporation
Private Placement Purchaser:	Wells Fargo 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:	December 3, 2019
TEFRA Adoption Date:	December 17, 2019
Description of Proposed Project:	
State Ceiling Pool:	General
Total Number of Units:	72
Manager's Units:	1 Unrestricted
Type:	New Construction
Population Served:	Family

Mission Heritage Plaza is a new construction project located in Riverside. The project consists of a five-story building (Building A), a three-story building (Building B) and at grade parking. The project consists of 71 restricted rental units, 0 market rate units and 1 unrestricted manager unit. The project will have 30 one-bedroom units, 24 two-bedroom units and 18 three-bedroom units. Common amenities include children's playground, outdoor BBQ and seating areas for dining. The project incorporates many sustainability and energy efficiency strategies including: a whole systems design approach, energy efficient lighting, materials with recycled content, water efficient fixtures. There are a total number of 71 parking spaces. The construction is expected to begin July 2020 and be completed in March 2022.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project:	100%
<u>77%</u> (55 units) restricted to 50% or less of area median income households.	
<u>23%</u> (16 units) restricted to 60% or less of area median income households.	
Unit Mix:	1, 2 & 3 bedrooms

The proposed project will be receiving service amenity points.

Term of Restrictions:

Income and Rent Restrictions:	55 years
--------------------------------------	----------

Details of Project Financing:

Estimated Total Development Cost:	\$	44,399,762	
Estimated Hard Costs per Unit:	\$	353,250	(\$25,434,018 /72 units including mgr. units)
Estimated per Unit Cost:	\$	616,663	(\$44,399,762 /72 units including mgr. units)
Allocation per Unit:	\$	321,528	(\$23,150,000 /72 units including mgr. units)
Allocation per Restricted Rental Unit:	\$	326,056	(\$23,150,000 /71 restricted units)
Sources of Funds:			
		Construction	Permanent
Tax-Exempt Bond Proceeds	\$	23,150,000	\$ 3,280,500
Cash Flow Permanent Bonds	\$	0	\$ 0
Tranche B Financing	\$	0	\$ 0
Wells Fargo Construction Loan	\$	5,992,940	\$ 10,826,931
LIH Tax Credit Equity	\$	0	\$ 18,268,878
State Budget Allocation	\$	2,000,000	\$ 2,000,000
Deferred Developer Fee	\$	1,331,825	\$ 1,331,825
Costs Deferred Until Conversion	\$	3,005,198	\$ 0
Housing Authority of the City of Riverside	\$	3,000,000	\$ 107,263
CDLAC PD Deposit Refund	\$	100,000	\$ 100,000
Accrued Deferred Interest-Seller Carryback	\$	107,263	\$ 4,001,485
City of Riverside TUMF	\$	444,648	\$ 444,648
HCD HASC HRI	\$	3,585,000	\$ 3,000,000
Capital Contribution (LP)	\$	1,682,888	\$ 1,038,232
Total Sources	\$	44,399,762	\$ 44,399,762
Uses of Funds:			
Land Cost/Acquisition	\$	1,315,919	
Rehabilitation	\$	0	
Relocation	\$	0	
New Construction	\$	28,206,273	
Contractor Overhead & Profit	\$	0	
Architectural Fees	\$	1,790,000	
Survey and Engineering	\$	670,245	
Construction Interest and Fees	\$	2,697,298	
Permanent Financing	\$	0	
Legal Fees	\$	115,000	
Reserves	\$	876,103	
Appraisal	\$	43,000	
Hard Cost Contingency	\$	1,734,076	
Local Development Impact Fees	\$	0	
Other Project Costs	\$	2,413,618	
Developer Costs	\$	4,538,230	
Total Uses	\$	44,399,762	

Analyst Comments:

This project is considered a high cost per unit project. An allocation of Project Based Section 8 vouchers and requirements from Affordable Housing and Sustainable Community have contributed to this projects high cost.

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:

130 out of 145 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$23,150,000 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	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
Gross Rents	5	5	5
Large Family Units	5	5	5
Leveraging	10	10	10
Community Revitalization Area	5	5	5
Site Amenities	10	10	10
Service Amenities	10	10	10
New Construction or Substantial Renovation	10	10	10
Sustainable Building Methods	10	10	10
Forgone Eligible Developer Fee (Competitive Allocation Process Only)	10	10	10
Minimum Term of Restrictions (Competitive Allocation Process Only)	10	10	10
Negative Points (No Maximum)	-10	-10	0
Total Points	145	125	130