

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: Chee Thao Yang

Applicant:	California Municipal Finance Authority
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Allocation Amount Requested:	Tax-exempt: \$25,000,000
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Project Information:	Name: 6th & Cesar Chavez Apartments
	Project Address: NE Corner of 6th Street & Cesar Chavez Street
	Project City, County, Zip Code: Coachella, Riverside, 92236

Project Sponsor Information:	Name: 6th & Cesar Chavez CIC, LP (Pacific Southwest Community Development Corporation; CIC 6th & Cesar Chavez, LLC)
	Principals: Robert Laing for Pacific Southwest Community Development Corporation; Cheri Hoffman for CIC 6th & Cesar Chavez, LLC
	Property Management Company: CIC Management, Inc.

Project Financing Information:	Bond Counsel: Orrick, Herrington & Sutcliffe LLP
	Private Placement Purchaser: Bank of America, 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: November 27, 2019
	TEFRA Adoption Date: December 11, 2019

Description of Proposed Project:	State Ceiling Pool: General
	Total Number of Units: 105
	Manager's Units: 1 Unrestricted
	Type: New Construction
	Population Served: Family

6th & Cesar Chaves Apartments is a new construction project located in Coachella on a 2.61-acre site. The project consists of 104 restricted rental units and 1 unrestricted manager unit. The project will have 50 one-bedroom units, 27 two- bedroom units and 27 three-bedroom units. The buildings will be two- and three-stories. Common amenities include a community room (that incorporates leasing offices and central laundry facilities), an outdoor play area and a computer room. Each unit will have a kitchen with a full size refrigerator, sink, range/oven, bathrooms with full-size bath/shower and sink, exterior deck with storage closet and air conditioning. There will be 132 parking spaces provided. The construction is expected to begin in June 2020 and be completed in November 2021.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
100% (104 units) restricted to 50% 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:	\$ 46,226,152	
Estimated Hard Costs per Unit:	\$ 145,918	(\$15,321,385 /105 units including mgr. unit)
Estimated per Unit Cost:	\$ 440,249	(\$46,226,152 /105 units including mgr. unit)
Allocation per Unit:	\$ 238,095	(\$25,000,000 /105 units including mgr. unit)
Allocation per Restricted Rental Unit:	\$ 240,385	(\$25,000,000 /104 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 25,000,000	\$ 5,520,000
Taxable Bond Proceeds	\$ 2,610,000	\$ 18,047,022
LIH Tax Credit Equity	\$ 2,707,053	\$ 0
Deferred Developer Fee	\$ 0	\$ 1,318,069
Deferred Costs	\$ 325,500	\$ 325,500
Solar Tax Credit Equity - Richman	\$ 0	\$ 273,672
Contributed Developer Fee	\$ 0	\$ 1,696,482
HCD AHSC Loan	\$ 0	\$ 8,395,407
City of Coachella Loan	\$ 9,240,000	\$ 9,240,000
California Dept. of Development Services Loan	\$ 1,160,000	\$ 1,160,000
HOME Loan - County of Riverside	\$ 900,000	\$ 1,000,000
Total Sources	\$ 41,942,553	\$ 46,976,152

Uses of Funds:	<i>Residential Only</i>	<i>Including Commercial</i>
Land Cost/Acquisition	\$ 2,837,270	\$ 2,837,270
New Construction	\$ 18,635,175	\$ 17,885,176
Contractor Overhead & Profit	\$ 1,919,947	\$ 1,919,947
Architectural Fees	\$ 439,500	\$ 439,500
Survey and Engineering	\$ 497,000	\$ 497,000
Construction Interest and Fees	\$ 2,134,597	\$ 2,134,597
Permanent Financing	\$ 166,237	\$ 166,237
Legal Fees	\$ 232,500	\$ 232,500
Reserves	\$ 779,477	\$ 779,477
Appraisal	\$ 7,600	\$ 7,600
Hard Cost Contingency	\$ 1,534,078	\$ 1,534,078
Local Development Impact Fees	\$ 1,694,620	\$ 1,694,620
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 10,901,668	\$ 10,901,668
Developer Costs	\$ 5,196,482	\$ 5,196,482
Total Uses	\$ 46,976,151	\$ 46,226,152

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:

125 out of 145 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$25,000,000 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
Large Family Units	5	5	5
Gross Rents	5	5	5
Leveraging	10	10	10
Community Revitalization Area	5	5	0
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	125