Agenda Item No. 6.23
Application No. 20-441

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**
Allocation Amount Requested:	
Tax-exempt:	$5,600,000
Project Information:	
Name:	**Fairbanks Terrace II**
Project Address:	SE Corner of Paseo del Sur and Templeton
Project City, County, Zip Code:	San Diego, San Diego, 92127
Project Sponsor Information:	
Name:	Fairbanks Terrace II CIC, LP (Pacific Southwest Community Development Corporation; CIC Fairbanks Terrace II, LLC)
Principals:	Robert Laing for Pacific Southwest Community Development Corporation; Cheri Hoffman for CIC Fairbanks Terrace II, LLC
Property Management Company:	CIC Management, Inc.
Project Financing Information:	
Bond Counsel:	Orrick, Herrington & Sutcliffe LLP
Private Placement Purchaser:	Citibank, 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 18, 2020
TEFRA Adoption Date:	Janaury 14, 2020
Description of Proposed Project:	
State Ceiling Pool:	General
Total Number of Units:	31
Manager's Units:	1 Unrestricted
Type:	New Construction
Population Served:	Family

Fairbanks Terrace II Apartments is a new construction project located in San Diego on a 0.75-acre site. The project consists of 30 restricted rental units and 1 unrestricted manager unit. The project will have 25 one-bedroom units and 6 two-bedroom units. The building will be three story. Common amenities include elevators and laundry facilities. Each unit will have central heat and air conditioning, private patio/balcony, blinds, vinyl flooring in the kitchen and bathrooms, stove/oven, dishwasher, garbage disposal and refrigerator. There will be 37 parking spaces provided. The construction is expected to begin in August 2020 and be completed in October 2021.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%

30% (9 units) restricted to 50% or less of area median income households.

70% (21 units) restricted to 60% or less of area median income households.

Unit Mix: 1 & 2 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:	$ 10,942,063		
Estimated Hard Costs per Unit:	$ 0	($000,000	/31 units including mgr. unit)
Estimated per Unit Cost:	$ 352,970	($10,942,063	/31 units including mgr. unit)
Allocation per Unit:	$ 180,645	($5,600,000	/31 units including mgr. unit)
Allocation per Restricted Rental Unit:	$ 186,667	($5,600,000	/30 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	$ 5,600,000	$ 1,080,000
Taxable Bond Proceeds	$ 1,133,000	$ 1,950,000
LIH Tax Credit Equity	$ 0	$ 5,177,051
Deferred Developer Fee	$ 0	$ 496,649
Deferred Costs	$ 1,194,142	$ 0
Seller Carryback Loan	$ 1,521,373	$ 1,521,373
Seller Gap Loan	$ 682,860	$ 682,860
Residual Receipt Loans Accrued Interest	$ 34,130	$ 34,130
Federal LIHTC Equity - US Bank	$ 633,080	$ 0
State LIHTC Equity - US Bank	$ 143,478	$ 0
Total Sources	$ 10,942,063	$ 10,942,063

Uses of Funds:	
Land Cost/Acquisition	$ 1,521,374
New Construction	$ 5,084,161
Contractor Overhead & Profit	$ 383,710
Architectural Fees	$ 285,325
Survey and Engineering	$ 247,700
Construction Interest and Fees	$ 524,753
Permanent Financing	$ 15,000
Legal Fees	$ 187,500
Reserves	$ 90,120
Hard Cost Contingency	$ 273,394
Local Development Impact Fees	$ 727,605
Other Project Costs (Soft Costs, Marketing, etc.)	$ 359,800
Developer Costs	$ 1,241,621
Total Uses	$ 10,942,063

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:

117.5 out of 140 **[**See Attachment A**]**

Recommendation:

Staff recommends that the Committee approves $5,600,000 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	0
Gross Rents	5	5	5
Leveraging	10	10	10.0
Community Revitalization Area	5	5	0
Site Amenities	10	10	7.5
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	**140**	**120**	**117.5**