Agenda Item No. 6.25
Application No. 20-422

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 Housing Finance Agency**
Allocation Amount Requested:	
Tax-exempt:	$18,000,000
Project Information:	
Name:	**Courtyards at Cottonwood**
Project Address:	NE Corner of Cottonwood Ave & Indian Street
Project City, County, Zip Code:	Moreno Valley, Riverside, 92553
Project Sponsor Information:	
Name:	Courtyards at Cottonwood, LP (RBD Cottonwood, LLC / KDI Cottonwood, LLC)
Principals:	James M. Jernigan, President for RBD Cottonwood, LLC / William Leach, President for KDI Cottonwood, LLC
Property Management Company:	AWI Management Corporation
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:	November 6, 2019
TEFRA Adoption Date:	November 26, 2019
Description of Proposed Project:	
State Ceiling Pool:	General
Total Number of Units:	81
Manager's Units:	1 Unrestricted
Type:	New Construction
Population Served:	Family

Courtyards at Cottonwood is a new construction project located in Moreno Valley on a combined 6.79-acres. The project consists of 80 restricted rental units, 0 market rate units and 1 unrestricted manager unit. The project will have 24 one-bedroom units, 28 two-bedroom units, 28 three-bedroom units, and 1 two-bedroom unit as the manager unit. Common amenities include community building with leasing, office, kitchen, computer lab, laundry room, mail kiosk, swimming pool, basketball court, surveillance cameras and a gated entry. Each unit will have central air/heat, blinds, carpet, storage closet, patio, refrigerator, stove, microwave and garbage disposal. There are 118 parking spaces provided. The construction is expected to begin July 2020 and be completed in November 2021.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%

44% (35 units) restricted to 50% or less of area median income households.

56% (45 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:	$	33,583,355	
Estimated Hard Costs per Unit:	$	160,000	($12,960,000 /81 units including mgr. unit)
Estimated per Unit Cost:	$	414,609	($33,583,355 /81 units including mgr. unit)
Allocation per Unit:	$	222,222	($18,000,000 /81 units including mgr. unit)
Allocation per Restricted Rental Unit:	$	225,000	($18,000,000 /80 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	$ 18,000,000	$ 8,417,025
Cash Flow Permanent Bonds	$ 0	$ 0
Tranche B Financing	$ 0	$ 0
Boston Capital-Equity Proceeds	$ 3,397,224	$ 0
LIH Tax Credit Equity	$ 0	$ 16,986,118
Income from Operatons	$ 0	$ 0
Deferred Developer Fee	$ 0	$ 1,457,761
Costs Deferred Until Conversion	$ 3,204,246	$ 0
County of Riverside HOME	$ 0	$ 1,000,000
City of Moreno Valley NSP	$ 3,500,000	$ 3,500,000
City of Moreno Valley Waived Fees	$ 816,451	$ 816,451
City of Moreno Valley HOME	$ 0	$ 1,000,000
Citi Community Capital	$ 4,665,434	$ 0
GP Contribution	$ 0	$ 406,000
Total Sources	$ 33,583,355	$ 33,583,355

Uses of Funds:	
Land Cost/Acquisition	$ 400,000
Rehabilitation	$ 0
Relocation	$ 0
New Construction	$ 18,938,808
Contractor Overhead & Profit	$ 1,428,800
Architectural Fees	$ 1,050,000
Survey and Engineering	$ 0
Construction Interest and Fees	$ 1,687,199
Permanent Financing	$ 129,170
Legal Fees	$ 370,000
Reserves	$ 222,394
Appraisal	$ 0
Hard Cost Contingency	$ 1,526,200
Local Development Impact Fees	$ 0
Other Project Costs	$ 3,774,175
Developer Costs	$ 4,056,609
Total Uses	$ 33,583,355

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 out of 145 **[**See Attachment A**]**

Recommendation:

Staff recommends that the Committee approves $18,000,000 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]	10.00
Gross Rents	5	5	5.00
Large Family Units	5	5	0.00
Leveraging	10	10	10.00
Community Revitalization Area	5	5	0.00
Site Amenities	10	10	10.00
Service Amenities	10	10	10.00
New Construction or Substantial Renovation	10	10	10.00
Sustainable Building Methods	10	10	7.00
Forgone Eligible Developer Fee (Competitive Allocation Process Only)	10	10	10.00
Minimum Term of Restrictions (Competitive Allocation Process Only)	10	10	10.00
Negative Points (No Maximum)	-10	-10	0.00
Total Points	**145**	**125**	**117.00**