

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

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| Applicant: | California Municipal Finance Authority |
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| Allocation Amount Requested: | Tax-exempt: \$15,202,647 |
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| Project Information: | Name: Windsor Pointe |
| | Project Address: 965, 967 Oak Avenue; 3606, 3618, 3630 Harding Street |
| | Project City, County, Zip Code: Carlsbad, San Diego, 92008 |

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| Project Sponsor Information: | Name: Carlsbad Veteran Housing, LP (AHG Windsor Pointe, LLC; NEXUS For Affordable Housing, Inc.) |
| | Principals: James Silverwood & Nicki Cometa for AHG Windsor Pointe, LLC; Gina Onweiler for Nexus |
| | Property Management Company: Solari Enterprise, Inc. |

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| Project Financing Information: | Bond Counsel: Jones Hall, A Professional Law Corporation |
| | 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: January 2, 2020 |
| | TEFRA Adoption Date: January 14, 2020 |

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|-----------------------------------------|------------------------------------------------|
| Description of Proposed Project: | State Ceiling Pool: General |
| | Total Number of Units: 50 |
| | Manager's Units: 2 Unrestricted |
| | Type: New Construction |
| | Population Served: Family/Special Needs |

Windsor Pointe Apartments is a new construction, special needs housing project located in Carlsbad on a combined total of 0.97-acre site. The project consists of 48 restricted rental units and 2 unrestricted manager units. The project will have 24 studio units, 16 one-bedroom units, 8 two-bedroom units and 2 three-bedroom units. The buildings at both sites will be three-stories. Common amenities include management offices, a community space, a case manager's office, a computer room and laundry facilities at each site. Each unit will have central heating and air, carpet, ceiling fan, refrigerator, stove/oven, dishwasher and disposal at each site. There will be a total of 47 parking spaces provided between both sites. The project will be pursuing GreenPoint Rated Program. Green features include solar photovoltaic and water-wise technologies throughout the buildings.. The construction is expected to begin in June 2020 and be completed in July 2021.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
60% (29 units) restricted to 50% or less of area median income households.
40% (19 units) restricted to 60% or less of area median income households.
Unit Mix: Studio, 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: \$ 33,147,928
Estimated Hard Costs per Unit: \$ 228,914 (\$11,445,724 /50 units including mgr. units)
Estimated per Unit Cost: \$ 662,959 (\$33,147,928 /50 units including mgr. units)
Allocation per Unit: \$ 304,053 (\$15,202,647 /50 units including mgr. units)
Allocation per Restricted Rental Unit: \$ 316,722 (\$15,202,647 /48 restricted units)

| Sources of Funds: | Construction | Permanent |
|--------------------------------------|----------------------|----------------------|
| Tax-Exempt Bond Proceeds | \$ 15,202,647 | \$ 0 |
| LIH Tax Credit Equity | \$ 9,950,175 | \$ 14,214,536 |
| Deferred Costs | \$ 4,170,105 | \$ 0 |
| No Place Like Home COSR | \$ 0 | \$ 4,875,000 |
| City of Carlsbad Commitment #1 Loan | \$ 3,825,000 | \$ 4,250,000 |
| City of Carlsband Commitment #2 Loan | \$ 0 | \$ 4,543,392 |
| No Place Like Hom Loan | \$ 0 | \$ 5,265,000 |
| Total Sources | \$ 33,147,927 | \$ 33,147,928 |

| Uses of Funds: | |
|---------------------------------------------------|----------------------|
| Land Cost/Acquisition | \$ 4,345,791 |
| Relocation | \$ 331,000 |
| New Construction | \$ 14,596,752 |
| Contractor Overhead & Profit | \$ 350,000 |
| Architectural Fees | \$ 700,000 |
| Survey and Engineering | \$ 250,000 |
| Construction Interest and Fees | \$ 1,085,000 |
| Permanent Financing | \$ 505,438 |
| Legal Fees | \$ 185,000 |
| Reserves | \$ 5,679,000 |
| Appraisal | \$ 15,000 |
| Hard Cost Contingency | \$ 1,053,000 |
| Local Development Impact Fees | \$ 750,000 |
| Other Project Costs (Soft Costs, Marketing, etc.) | \$ 801,947 |
| Developer Costs | \$ 2,500,000 |
| Total Uses | \$ 33,147,928 |

Analyst Comments:

This project is considered a high cost per unit project. The Project Sponsor cited that the location of the project, which is located in a historic beach community, is a factor in the high cost. It is also in close proximity to I-5 which requires the project to be restricted to certain requirements. Parking is also to be provided per the City's instructions given the population and tourism in the area. The project will include a concrete podium on the ground floor to accommodate parking. The parking garage on the ground floor restricts the space available for additional units. The Project Sponsor also cites the land acquisition cost as higher than would normally be included in the budget for a 50-unit affordable housing development. Additionally, the project has experienced some financing delays that have increased the carrying costs considerably. Further, nearly half of the units are designed as single resident occupancy units and there will be 16 additional one-bedroom units included. This results in higher costs due primarily to the ratio of bathrooms and kitchens to number of units. Finally, the project is required to pay prevailing wages, per the County of San Diego's funding requirements.

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:

119.0 out of 145 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$15,202,647 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 | 0 |
| 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 | 9 |
| 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 | 119 |