

**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: Sarah Lester*

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<b>Applicant:</b>	<b>California Housing Finance Agency</b>
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<b>Allocation Amount Requested:</b>	
<b>Tax-exempt:</b>	\$25,439,115

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<b>Project Information:</b>	
<b>Name:</b>	<b>Valencia Pointe (MIP)</b>
<b>Project Address:</b>	5930 Division Street
<b>Project City, County, Zip Code:</b>	San Diego, San Diego, 92114

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<b>Project Sponsor Information:</b>	
<b>Name:</b>	CRP Valencia Pointe LP (Metropolitan Area Advisory Committee on Anti-Poverty of San Diego County, Inc.; and CRP Valencia Pointe AGP LLC)
<b>Principals:</b>	Arnulfo Manriquez for Metropolitan Area Advisory Committee on Anti-Poverty of San Diego County, Inc.; and Paul Salib for CRP Valencia Pointe AGP LLC
<b>Property Management Company:</b>	Metropolitan Area Advisory Committee on Anti-Poverty of San Diego County, Inc

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<b>Project Financing Information:</b>	
<b>Bond Counsel:</b>	Orrick, Herrington & Sutcliffe LLP
<b>Private Placement Purchaser:</b>	Citibank, N.A.
<b>Cash Flow Permanent Bond:</b>	Not Applicable
<b>Public Sale:</b>	Not Applicable
<b>Underwriter:</b>	Not Applicable
<b>Credit Enhancement Provider:</b>	Not Applicable
<b>Rating:</b>	Not Applicable
<b>TEFRA Noticing Date:</b>	October 3, 2019
<b>TEFRA Adoption Date:</b>	November 4, 2019

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<b>Description of Proposed Project:</b>	
<b>State Ceiling Pool:</b>	General
<b>Total Number of Units:</b>	102
<b>Manager's Units:</b>	1 Unrestricted
<b>Type:</b>	New Construction
<b>Population Served:</b>	Family

Valencia Pointe Apartments is a new construction project located in San Diego on a 2.48-acre site. The project consists of 80 restricted rental units, 21 market rate units and 1 unrestricted manager unit. The project will have 58 two-bedroom units and 44 three-bedroom units. The project will consist of six (6) four-story elevator-serviced buildings. Common amenities include a large outdoor patio area, covered courtyard and tot lot play area, a pool, a community garden, a community room, a computer lounge, lobby, lounge area, laundry facilities, leasing offices and restrooms. Each unit will have a refrigerator, range/oven, dishwasher, central heating/cooling, blinds, carpet and a coat closet. There will be 34 covered parking spaces and 136 spaces within a podium garage. The project will be pursuing Green Point Rated Gold. The construction is expected to begin March 2020 and be completed in March 2021.

**Description of Public Benefits:**

**Percent of Restricted Rental Units in the Project:** 79%  
39% (39 units) restricted to 50% or less of area median income households.  
41% (41 units) restricted to 60% or less of area median income households.  
**Unit Mix:** 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:**

<b>Estimated Total Development Cost:</b>	\$ 49,293,906	
<b>Estimated Hard Costs per Unit:</b>	\$ 197,634	(\$20,158,618 /102 units including mgr. unit)
<b>Estimated per Unit Cost:</b>	\$ 483,274	(\$49,293,906 /102 units including mgr. unit)
<b>Allocation per Unit:</b>	\$ 249,403	(\$25,439,115 /102 units including mgr. unit)
<b>Allocation per Restricted Rental Unit:</b>	\$ 317,989	(\$25,439,115 /80 restricted units)

<b>Sources of Funds:</b>	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 25,439,115	\$ 14,715,000
CalHFA MIP	\$ 0	\$ 4,040,000
Taxable Bond Proceeds	\$ 11,519,185	\$ 0
Federal LIH Tax Credit Equity	\$ 2,182,258	\$ 0
State LIH Tax Credits	\$ 1,381,751	\$ 0
Deferred Developer Fee	\$ 0	\$ 2,486,846
Deferred Costs	\$ 4,731,597	\$ 0
Forgone Developer Fee	\$ 0	\$ 252,000
Land Note	\$ 4,040,000	\$ 4,040,000
LIHTC Equity	\$ 0	\$ 23,760,060
<b>Total Sources</b>	<b>\$ 49,293,906</b>	<b>\$ 49,293,906</b>

<b>Uses of Funds:</b>	
Land Cost/Acquisition	\$ 11,140,000
New Construction	\$ 21,598,135
Contractor Overhead & Profit	\$ 2,265,862
Architectural Fees	\$ 551,964
Survey and Engineering	\$ 322,130
Construction Interest and Fees	\$ 2,540,350
Permanent Financing	\$ 174,434
Legal Fees	\$ 225,000
Reserves	\$ 799,856
Appraisal	\$ 10,000
Hard Cost Contingency	\$ 1,489,156
Local Development Impact Fees	\$ 2,009,090
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 1,161,083
Developer Costs	\$ 5,006,846
<b>Total Uses</b>	<b>\$ 49,293,906</b>

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**Analyst Comments:**

None

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**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.

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**Total Points:**

110 out of 145 [See Attachment A]

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**Recommendation:**

Staff recommends that the Committee approves \$25,439,115 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]	0
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	5
Minimum Term of Restrictions (Competitive Allocation Process Only)	10	10	10
Negative Points (No Maximum)	-10	-10	0
<b>Total Points</b>	<b>145</b>	<b>120</b>	<b>110</b>