

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE

April 14, 2020

Staff Report

**REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A  
QUALIFIED RESIDENTIAL RENTAL PROJECT**

Prepared by: Isaac Clark III

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<b>Applicant:</b>	<b>California Municipal Finance Authority</b>
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<b>Allocation Amount Requested:</b>	
<b>Tax-exempt:</b>	\$24,037,673

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<b>Project Information:</b>	
<b>Name:</b>	<b>Las Terrazas Apartments</b>
<b>Project Address:</b>	1176 W Valley Blvd
<b>Project City, County, Zip Code:</b>	Colton, San Bernardino, 92324

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<b>Project Sponsor Information:</b>	
<b>Name:</b>	AMCAL Las Terrazas Fund, LP (AMCAL Multi-Housing, Inc. / Las Palmas Foundation)
<b>Principals:</b>	Arjun Nagarkatti, President, Percival Vaz, CEO, Sole Director, Luxmi Vaz, Secretary for AMCAL Multi-Housing, Inc. / Joseph M. Michaels, President, Sherry Avery, Secretary for Las Palmas Foundation
<b>Property Management Company:</b>	FPI Management

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<b>Project Financing Information:</b>	
<b>Bond Counsel:</b>	Orrick, Herrington & Sutcliffe LLP
<b>Private Placement Purchaser:</b>	Union Bank
<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>	February 11, 2020
<b>TEFRA Adoption Date:</b>	February 11, 2020

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<b>Description of Proposed Project:</b>	
<b>State Ceiling Pool:</b>	Mixed
<b>Total Number of Units:</b>	112
<b>Manager's Units:</b>	1 Unrestricted
<b>Type:</b>	New Construction
<b>Population Served:</b>	Family

Las Terrazas Apartments is a new construction project located in Colton. The project consists of 54 restricted rental units, 57 market rate units and 1 unrestricted manager unit. The project will have 39 one-bedroom units, 39 two-bedroom units and 33 three-bedroom units. All apartment styles offer contemporary living arrangements with balconies and/or patios. Each apartment will be furnished with modern bathrooms and kitchens (including appliances). The site will include substantial outdoor open space, which is activated by a variety of social gathering places and brought to life using carefully manicured landscaping. The development's accessibility features include; wider doors, wider hallways, accessibility paths throughout site, adaptable kitchens, adaptable bathrooms, and mobility features. 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:** 49%  
49% (54 units) restricted to 50% or less of area median income households.  
0% (0 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:** \$ 43,915,962  
**Estimated Hard Costs per Unit:** \$ 243,100 (\$27,227,223 /112 units including mgr. unit)  
**Estimated per Unit Cost:** \$ 392,107 (\$43,915,962 /112 units including mgr. unit)  
**Allocation per Unit:** \$ 214,622 (\$24,037,673 /112 units including mgr. unit)  
**Allocation per Restricted Rental Unit:** \$ 445,142 (\$24,037,673 /54 restricted units)

<b>Sources of Funds:</b>	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 24,037,673	\$ 4,588,855
Cash Flow Permanent Bonds	\$ 0	\$ 0
Tranche B Financing	\$ 0	\$ 0
Taxable Bond Proceeds	\$ 1,800,000	\$ 0
LIH Tax Credit Equity	\$ 0	\$ 22,841,441
Income from Operatons	\$ 0	\$ 0
Deferred Developer Fee	\$ 1,260,000	\$ 0
NPLH Uncompetitive NOFA	\$ 0	\$ 2,591,000
Union Bank - Section 8 Overhang Loan	\$ 0	\$ 1,121,064
Hudson Housing Capital - Tax Credit Equity	\$ 4,568,289	\$ 0
County of San Bernardino - NSP Loan	\$ 850,000	\$ 1,373,602
Capitalized Land Lease	\$ 2,450,000	\$ 2,450,000
County of San Bernardino - IVDA Funds	\$ 592,000	\$ 592,000
County of San Bernardino - HOME Loan	\$ 8,358,000	\$ 8,358,000
<b>Total Sources</b>	<b>\$ 43,915,962</b>	<b>\$ 43,915,962</b>

<b>Uses of Funds:</b>	
Land Cost/Acquisition	\$ 4,340,270
Rehabilitation	\$ 0
Relocation	\$ 0
New Construction	\$ 24,790,361
Contractor Overhead & Profit	\$ 1,505,844
Architectural Fees	\$ 850,200
Survey and Engineering	\$ 655,700
Construction Interest and Fees	\$ 3,068,953
Permanent Financing	\$ 320,956
Legal Fees	\$ 145,000
Reserves	\$ 536,794
Appraisal	\$ 15,800
Hard Cost Contingency	\$ 2,308,094
Local Development Impact Fees	\$ 1,779,365
Other Project Costs	\$ 1,598,625
Developer Costs	\$ 2,000,000
<b>Total Uses</b>	<b>\$ 43,915,962</b>

**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:**

98.70 out of 125 [See Attachment A]

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**Recommendation:**

Staff recommends that the Committee approves \$24,037,673 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	15.00
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	3.70
Gross Rents	5	5	5.00
Large Family Units	5	5	5.00
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	10.00
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
<b>Total Points</b>	<b>145</b>	<b>125</b>	<b>98.70</b>