

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
September 16, 2020
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Richard Fischer

Applicant: California Statewide Communities Development Authority

Allocation Amount Requested:

Tax-exempt: \$10,947,285

Project Information:

Name: St. Michaels Community Housing
Project Address: 4070 Jackson Street
Project City, County, Zip Code: Riverside, Riverside, 92503

Project Sponsor Information:

Name: St Michaels LP (St Michaels CDP LLC & St Michaels Mercy House CHDO, LLC)
Principals: Eric Paine and Kyle Paine for St Michaels CDP LLC; Jerome T. Karcher, Stephanie Miles and Gary Belz for St Michaels Mercy House CHDO, LLC
Property Management Company: Solari Enterprises, 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

Description of Proposed Project:

State Ceiling Pool: General
Total Number of Units: 50
Manager's Units: 1 Unrestricted
Type: New Construction
Population Served: Family/Special Needs

St. Michaels Community Housing Apartments is a new construction project located in Riverside on a 3.5-acre site. The project will consist of 49 restricted rental units and 1 unrestricted manager unit. The project will have 30 one-bedroom units and 20 two-bedroom units. The buildings have two interconnected 2-story structures over ground floor concrete slab. Common amenities will include open space for supportive services and flex office space, laundry facilities and management offices. Each unit will have energy efficient appliances and water efficient plumbing fixtures. There will be 100 parking spaces provided. The construction is expected to begin February 2021 and be completed in February 2022.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 80%

51% (25 units) restricted to 50% or less of area median income households.

29% (14 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:	\$ 19,619,425	
Estimated Hard Costs per Unit:	\$ 230,000	(\$11,500,000 /50 units including mgr. unit)
Estimated per Unit Cost:	\$ 392,389	(\$19,619,425 /50 units including mgr. unit)
Allocation per Unit:	\$ 218,946	(\$10,947,285 /50 units including mgr. unit)
Allocation per Restricted Rental Unit:	\$ 280,700	(\$10,947,285 /39 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 10,947,285	\$ 5,471,672
Taxable Bond Proceeds	\$ 3,000,000	\$ 0
LIH Tax Credit Equity	\$ 1,459,070	\$ 7,288,341
Deferred Developer Fee	\$ 2,213,070	\$ 527,604
No Place Like Home	\$ 0	\$ 4,331,808
City of Riverside	\$ 2,000,000	\$ 2,000,000
Total Sources	\$ 19,619,425	\$ 19,619,425

Uses of Funds:	
Land Cost/Acquisition	\$ 0
New Construction	\$ 12,359,683
Contractor Overhead & Profit	\$ 780,000
Architectural Fees	\$ 509,984
Survey and Engineering	\$ 213,500
Construction Interest and Fees	\$ 1,134,979
Permanent Financing	\$ 171,250
Legal Fees	\$ 175,000
Reserves	\$ 252,297
Appraisal	\$ 10,000
Hard Cost Contingency	\$ 652,484
Local Development Impact Fees	\$ 549,586
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 597,592
Developer Costs	\$ 2,213,070
Total Uses	\$ 19,619,425

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:

120 out of 145 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$10,947,285 in tax-exempt bond allocation on a carryforward basis.

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
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	10
Minimum Term of Restrictions (Competitive Allocation Process Only)	10	10	10
Negative Points (No Maximum)	-10	-10	0
Total Points	145	125	120