

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 Municipal Finance Authority
Allocation Amount Requested:	Tax-exempt: \$46,665,000
Project Information:	Name: Foothill Villas Project Address: 2601-2675 W. 2nd Street Project City, County, Zip Code: San Bernardino, San Bernardino, 92401
Project Sponsor Information:	Name: Standard Foothill Venture LP (Standard Foothill Manager LP & Housing on Merit XV LLC) Principals: Jeffrey Jaeger and Scott Alter for Standard Foothill Manager LP; Jennifer Litwak for Housing on Merit XV LLC Property Management Company: AMC-CA, Inc (dba Apartment Management Consultants, L.L.C.)
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: 239 Manager's Units: 2 Unrestricted Type: Acquisition and Rehabilitation Population Served: Family

Foothill Villas Apartments is an existing project located in San Bernardino on a 15.22-acre site. The project consists of 237 restricted rental units and 2 unrestricted managers' units. The project has 79 one-bedroom units, 83 two-bedroom units and 77 three-bedroom units. The renovations will include building exterior and interior upgrades. Building exterior renovations will consist of stucco repairs, roof replacement, window replacements, balcony repairs and a fresh coat of paint. Interior renovations will include laundry room, leasing office and community room upgrades. Onsite community fitness room and new Wi-Fi system will also be added. Individual apartment units will be updated with a new energy efficient appliance package, countertops, cabinets, low flow fixtures, paint and efficient electrical fixture updates. Lastly, common or site area renovations will consist of concrete repairs, asphalt replacement and new mailbox system. The rehabilitation is expected to begin in January 2021 and be completed in July 2022.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
30% (70 units) restricted to 50% or less of area median income households.
70% (167 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:	\$	91,906,076	
Estimated Hard Costs per Unit:	\$	60,174	(\$14,381,616 /239 units including mgr. units)
Estimated per Unit Cost:	\$	384,544	(\$91,906,076 /239 units including mgr. units)
Allocation per Unit:	\$	195,251	(\$46,665,000 /239 units including mgr. units)
Allocation per Restricted Rental Unit:	\$	196,899	(\$46,665,000 /237 restricted units)

Sources of Funds:

	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 46,665,000	\$ 46,665,000
Taxable Bond Proceeds	\$ 12,026,000	\$ 12,026,000
LIH Tax Credit Equity	\$ 22,979,072	\$ 25,688,791
Developer Equity	\$ 10,236,004	\$ 7,454,327
Solar Credit Equity	\$ 0	\$ 71,958
Total Sources	\$ 91,906,076	\$ 91,906,076

Uses of Funds:

Land Cost/Acquisition	\$ 58,000,000
Rehabilitation	\$ 14,660,165
Relocation	\$ 239,000
Contractor Overhead & Profit	\$ 557,580
Architectural Fees	\$ 585,968
Survey and Engineering	\$ 390,645
Construction Interest and Fees	\$ 3,526,668
Permanent Financing	\$ 498,874
Legal Fees	\$ 450,000
Reserves	\$ 1,001,796
Hard Cost Contingency	\$ 1,395,162
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 364,214
Developer Costs	\$ 10,236,004
Total Uses	\$ 91,906,076

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:

137 out of 145 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$46,665,000 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	20
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	7.4
Community Revitalization Area	5	5	5
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	137.4