

**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: 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> \$8,625,924
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<b>Project Information:</b>	<b>Name:</b> St. Stephens Retirement Center, Inc. <b>Project Address:</b> 5625 Imperial Avenue <b>Project City, County, Zip Code:</b> San Diego, San Diego, 92114
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<b>Project Sponsor Information:</b>	<b>Name:</b> St. Stephens Retirement Center, Inc. (St. Stephens Retirement Center, Inc.) <b>Principals:</b> St. Stephens Retirement Center, Inc. <b>Property Management Company:</b> Hallmark Asset Management
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<b>Project Financing Information:</b>	<b>Bond Counsel:</b> Jones Hall, A Professional Law Corporation <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
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<b>Description of Proposed Project:</b>	<b>State Ceiling Pool:</b> General <b>Total Number of Units:</b> 60 <b>Manager's Units:</b> 1 Unrestricted <b>Type:</b> Acquisition and Rehabilitation <b>Population Served:</b> Senior Citizens
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St. Stephens Retirement Center is a project located in San Diego on a 1.26-acre site. The entire project consists of 59 restricted rental units, and 1 unrestricted manager unit. The entire project has 15 Studio units and 45 one-bedroom units. Interior renovations will include painted drywall interior walls, smooth or textured drywall ceilings, and carpet or sheet vinyl floors, are in average condition. Exterior renovations will include a brass door knocker with numerals and peep hole mounted on the apartment main entry doors. Kitchens and bathroom cabinetry are original, as are plumbing fixtures and trim. Entry doors are stained wood with brass finish single cylinder, lever handles and deadbolt in fair condition. The units have PTAC through wall units for heating and cooling. A central domestic hot water heating system consists of gas-fired commercial condensing tankless water heaters with a single storage tank fitted with seismic straps, located on the top floor. Two stair towers and elevator provide access to upper level units. There are 76 open parking spaces including 2 ADA accessible - 61 tenant assigned parking spaces, and 13 parking spaces for visitors. The rehabilitation is expected to begin in November 2020 and be completed in November 2021.

**Description of Public Benefits:**

**Percent of Restricted Rental Units in the Project:** 100%  
100% (59 units) restricted to 50% or less of area median income households.  
**Unit Mix:** Studio & 1 bedroom

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>	\$ 17,060,605	
<b>Estimated Hard Costs per Unit:</b>	\$ 85,000	(\$5,100,000 /60 units including mgr. units)
<b>Estimated per Unit Cost:</b>	\$ 284,343	(\$17,060,605 /60 units including mgr. units)
<b>Allocation per Unit:</b>	\$ 143,765	(\$8,625,924 /60 units including mgr. units)
<b>Allocation per Restricted Rental Unit:</b>	\$ 146,202	(\$8,625,924 /59 restricted units)

<b>Sources of Funds:</b>	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 8,625,924	\$ 3,879,490
LIH Tax Credit Equity	\$ 283,988	\$ 5,679,768
Income from Operatons	\$ 258,154	\$ 258,154
Deferred Developer Fee	\$ 0	\$ 181,612
Costs Deferred Until Conversion	\$ 1,025,539	\$ 0
Seller Carryback Loan	\$ 6,300,000	\$ 6,300,000
Developer Fee Forgone	\$ 0	\$ 194,581
Accrued Def. Int.-Seller Carryback	\$ 567,000	\$ 567,000
<b>Total Sources</b>	<b>\$ 17,060,605</b>	<b>\$ 17,060,605</b>

<b>Uses of Funds:</b>	
Land Cost/Acquisition	\$ 6,300,000
Rehabilitation	\$ 5,406,000
Relocation	\$ 165,000
Contractor Overhead & Profit	\$ 414,120
Architectural Fees	\$ 187,500
Construction Interest and Fees	\$ 1,286,547
Permanent Financing	\$ 29,656
Legal Fees	\$ 232,500
Reserves	\$ 135,617
Appraisal	\$ 10,000
Hard Cost Contingency	\$ 676,929
Other Project Costs	\$ 270,926
Developer Costs	\$ 1,945,810
<b>Total Uses</b>	<b>\$ 17,060,605</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:**

132.50 out of 145 [See Attachment A]

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**Recommendation:**

Staff recommends that the Committee approves \$8,625,924 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
Gross Rents	5	5	5
Large Family Units	5	5	0
Leveraging	10	10	10
Community Revitalization Area	5	5	5
Site Amenities	10	10	7.50
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
<b>Total Points</b>	<b>145</b>	<b>125</b>	<b>132.50</b>