

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
December 9, 2020
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Norma Velarde

Applicant: California Municipal Finance Authority

Allocation Amount Requested: Tax-exempt: \$3,300,000

Project Information: Name: Corallina
Project Address: 6155 Carmel Valley Road
Project City, County, Zip Code: San Diego, San Diego, 92130

Project Sponsor Information: Name: Corallina CIC, LP (Pacific Southwest Community Development
Principals: Robert Laing, President/Director; Juan P. Arroyo, Executive VP;
Marco Antonio Reyes, Secretary/ Treasurer; Cheri Hoffman,
'Authorized Signatory for CIC Corallina, LLC and President of
Chelsea Investment Corporation ("CIC"); James Schmid, CEO of CIC;
Charles Schmid, COO of CIC

Property Management Company: CIC Management, 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 New Construction P
Total Number of Units: 17
Manager's Units: 1 Unrestricted
Type: New Construction
Population Served: Family

Corallina Apartments is a new construction project located in San Diego on a 0.96 -acre site. The project consists of 16 restricted rental units and 1 unrestricted managers' units. The project will have 4 one-bedroom units, 6 two- bedroom units and 6 three-bedroom units. The building will be 1 total, consisting of 3 floors. The building will be type V construction with a flat roof. Common amenities include management offices. Each unit will have stove/ovens, dishwasher, garbage disposal, refrigerator and washer & dryer. There are 30 parking spaces provided. The project will be pursuing GreenPoint Rated Program. The construction is expected to begin May 2021 and be completed in May 2022.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
31% (5 units) restricted to 50% or less of area median income households.
69% (11 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: \$ 5,953,652
Estimated Hard Costs per Unit: \$ 159,500 (\$2,711,500 /17 units including mgr. units)
Estimated per Unit Cost: \$ 350,215 (\$5,953,652 /17 units including mgr. units)
Allocation per Unit: \$ 194,118 (\$3,300,000 /17 units including mgr. units)
Allocation per Restricted Rental Unit: \$ 206,250 (\$3,300,000 /16 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 3,300,000	\$ 0
Cash Flow Permanent Bonds	\$ 0	\$ 0
Tranche B Financing	\$ 0	\$ 0
Taxable Bond Proceeds	\$ 347,842	\$ 2,111,000
LIH Tax Credit Equity	\$ 324,908	\$ 2,166,048
Developer Equity	\$ 0	\$ 0
Deferred Developer Fee	\$ 0	\$ 264,863
Deferred Costs	\$ 851,067	\$ 260,058
Seller Carryback Loan	\$ 0	\$ 0
Itemized Public Funds Sources	\$ 0	\$ 0
Net Income From Operations	\$ 0	\$ 0
Offsite Infrastructure Loan	\$ 543,865	\$ 543,865
Master Developer Loan	\$ 585,970	\$ 585,970
Solar Equity	\$ 0	\$ 21,848
Total Sources	\$ 5,953,652	\$ 5,953,652

Uses of Funds:	
Land Cost/Acquisition	\$ 543,866
New Construction	\$ 2,815,523
Contractor Overhead & Profit	\$ 260,058
Architectural Fees	\$ 334,502
Survey and Engineering	\$ 156,986
Construction Interest and Fees	\$ 294,576
Permanent Financing	\$ 12,500
Legal Fees	\$ 192,500
Reserves	\$ 57,089
Appraisal	\$ 7,500
Hard Cost Contingency	\$ 239,705
Local Development Impact Fees	\$ 0
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 373,987
Developer Costs	\$ 664,860
Total Uses	\$ 5,953,652

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:

125 out of 145 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$3,300,000 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	0
Exceeding Minimum Income Restrictions:	35	15	35
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	10.00
Large Family Units	5	5	5.00
Gross Rents	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
Total Points	145	125	125.00