

**THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**  
**September 21, 2016**  
**Staff Report**  
**REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A**  
**QUALIFIED RESIDENTIAL RENTAL PROJECT**

*Prepared by: Louise Eller*

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**Applicant:** California Municipal Finance Authority

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**Allocation Amount Requested:**

**Tax-exempt:** \$1,000,000

The amount of allocation requested is supplemental to the \$8,000,000 the Project received on December 10, 2014; and the \$1,000,000 supplemental the Project received July 15, 2015 of allocation for the Project. These awards were issued on July 31, 2015.

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**Project Information:**

**Name:** Eastgate at Creekside Apartments  
**Project Address:** Northwest Corner of Grand Avenue and 14, 15, 16 Creekside Dr.  
**Project City, County, Zip Code:** San Marcos, San Diego, 92068

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**Project Sponsor Information:**

**Name:** Eastgate Family Housing Partners, L.P. (Affirmed Housing Group, Inc.)  
**Principals:** James Silverwood for Affirmed Housing Group, Inc.  
**Property Management Company:** Solari Enterprises

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**Project Financing Information:**

**Bond Counsel:** Orrick, Herrington & Sutcliffe LLP  
**Private Placement Purchaser:** U.S. Bank, N.A.  
**Public Sale:** Not Applicable  
**Underwriter:** Not Applicable  
**TEFRA Noticing Date:** July 15, 2016  
**TEFRA Adoption Date:** August 2, 2016

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**Description of Proposed Project:**

**State Ceiling Pool:** General  
**Total Number of Units:** 41, plus 1 manager unit  
**Type:** New Construction  
**Type of Units:** Family

The proposed project is a New Construction project built in the City of San Marcos. The project will consist of 41 affordable units spread out over (3) three story wood structures with on-grade surface parking. There will be a mix of studio, 1, 2, and 3 bed-room units with 5 units at the 50% AMI Level and 36 units at the 60% and one manager's unit. The architectural style of project can be defined as, "timeless design, built over time, pedestrian oriented" architecture, proposed as the "east end" gateway to anchor the new downtown core envisioned by the San Marcos Creek Specific Plan. Site amenities will include the following: a community room; laundry facility; tot lot; two community bar-b-que areas with seating; and additional landscaped seating areas throughout the site. Construction started February 2015 and is scheduled to be completed by November 2016.

**Description of Public Benefits:**

**Percent of Restricted Rental Units in the Project:** 100%

12% (5 units) restricted to 50% or less of area median income households.

88% (36 units) restricted to 60% or less of area median income households.

**Unit Mix:** 1, 2 & 3 bedrooms

The proposed project will not be providing service amenities.

**Term of Restrictions:**

**Income and Rent Restrictions:** 55 years

**Details of Project Financing:**

<b>Estimated Total Development Cost:</b>	\$ 19,855,738	
<b>Estimated Hard Costs per Unit:</b>	\$ 195,991	(\$8,035,612 /41 units)
<b>Estimated per Unit Cost:</b>	\$ 472,756	(\$19,855,738 /42 units including mgr. units)
<b>Allocation per Unit:</b>	\$ 24,390	(\$1,000,000 /41 units)
<b>Allocation per Restricted Rental Unit:</b>	\$ 24,390	(\$1,000,000 /41 restricted units)

<b>Sources of Funds:</b>	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 10,000,000	\$ 2,715,000
Taxable Bond Proceeds	\$ 0	\$ 400,000
Commercial Construction Loan	\$ 400,000	\$ 0
LIH Tax Credit Equity	\$ 2,803,946	\$ 7,009,864
AHP Funds	\$ 410,000	\$ 410,000
Deferred Developer Fee	\$ 48,667	\$ 480,874
San Marcos Housing Funds	\$ 637,226	\$ 3,100,000
San Marcos Land	\$ 3,200,000	\$ 3,200,000
San Marcos Predevelopment Funds	\$ 600,000	\$ 600,000
County HOME Funds	\$ 1,746,000	\$ 1,940,000
Other Costs Deferred Until Perm	\$ 9,900	\$
<b>Total Sources</b>	<b>\$ 19,855,739</b>	<b>\$ 19,855,738</b>

<b>Uses of Funds:</b>	
Land Cost/Acquisition	\$ 3,200,000
New Construction	\$ 9,405,050 #
Contractor Overhead	\$ 288,016
Architectural Fees	\$ 1,158,134
Survey and Engineering	\$ 677,689
Construction Interest and Fees	\$ 472,615
Permanent Financing	\$ 299,670
Legal Fees	\$ 233,050
Reserves	\$ 113,867
Appraisal	\$ 14,844
Contingency Cost	\$ 150,000
Local Development Impact Fees	\$ 1,449,653
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 593,150
Developer Costs	\$ 1,800,000
<b>Total Uses</b>	<b>\$ 19,855,738</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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**Recommendation:**

Staff recommends that the Committee approves \$1,000,000 in tax exempt bond allocation.