

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
October 16, 2019
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Chee Thao Yang

Applicant: California Statewide Communities Development Authority

Allocation Amount Requested:
Tax-exempt: \$57,030,000

Project Information:
Name: Park Villas Apartments
Project Address: 817 Eta Street
Project City, County, Zip Code: National City, San Diego, 91950

Project Sponsor Information:
Name: Fairfield Park Villas LP (FRH Park Villas LLC; Riverside Charitable Corp)
Principals: Jon MacDonald & Greg Pinkalla for FRH Park Villas LLC; Ken Robertson & Recinda Kay Shafer for Riverside Charitable Corp
Property Management Company: FF Properties LP

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
TEFRA Noticing Date: August 23, 2019
TEFRA Adoption Date: September 3, 2019

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 268
Manager's Units: 3 Unrestricted
Type: Acquisition and Rehabilitation
Population Served: Family

Park Villas Apartments is an existing project located in National City on a 12.41-acre site. The project consists of 265 restricted rental units and 3 unrestricted managers' units. The project has 169 two-bedroom units and 99 three-bedroom units. The renovations will include building exterior and interior upgrades. Building exterior renovations will consist of upgrades to wood stairs and handrails, tree trimming, gutters, roof repair, stucco repairs and window repairs. Interior renovations will include upgrades to the Fitness Center, computer and software replacement, a new playground, pool and pool deck upgrades and leasing office and Clubhouse upgrades and furnishings. Individual apartment units will be updated with energy efficient appliances, cabinets, countertops, door, door trim, knobs and hardware, plumbing upgrades, drywall repairs, ADA upgrades, vinyl flooring for all bedrooms on the second floor, lighting fixtures, bath tub and bath mirrors. Lastly, common or site area renovations will consist of paving and restriping and sidewalk repairs. The rehabilitation is expected to begin in March 2020 and be completed in September 2021.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%

10% (27 units) restricted to 50% or less of area median income households.

90% (238 units) restricted to 60% or less of area median income households.

Unit Mix: 2 & 3 bedrooms

The proposed project will not be receiving service amenity points.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$ 101,306,036	
Estimated Hard Costs per Unit:	\$ 36,319	(\$9,733,593 /268 units including mgr. units)
Estimated per Unit Cost:	\$ 378,008	(\$101,306,036 /268 units including mgr. units)
Allocation per Unit:	\$ 212,799	(\$57,030,000 /268 units including mgr. units)
Allocation per Restricted Rental Unit:	\$ 215,208	(\$57,030,000 /265 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 57,030,000	\$ 57,030,000
LIH Tax Credit Equity	\$ 29,598,440	\$ 29,598,440
Deferred Developer Fee	\$ 11,982,448	\$ 11,982,448
Construction Period Income	\$ 309,673	\$ 309,673
Fairfield Affordable Housing Tranche II LLC-Equity	\$ 2,385,475	\$ 2,385,475
Total Sources	\$ 101,306,036	\$ 101,306,036

Uses of Funds:	
Land Cost/Acquisition	\$ 72,850,000
Rehabilitation	\$ 9,902,593
Relocation	\$ 500,000
Contractor Overhead & Profit	\$ 1,014,690
Survey and Engineering	\$ 5,000
Construction Interest and Fees	\$ 309,673
Permanent Financing	\$ 2,199,688
Legal Fees	\$ 408,000
Reserves	\$ 1,068,765
Appraisal	\$ 10,000
Hard Cost Contingency	\$ 495,000
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 560,179
Developer Costs	\$ 11,982,448
Total Uses	\$ 101,306,036

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:

50 out of 140 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$57,030,000 in tax-exempt bond allocation.

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	10
Exceeding Minimum Income Restrictions:	35	15	25
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	0
Large Family Units	5	5	5
Leveraging	10	10	0
Community Revitalization Area	5	5	0
Site Amenities	10	10	10
Service Amenities	10	10	0
New Construction or Substantial Renovation	10	10	0
Sustainable Building Methods	10	10	0
Forgone Eligible Developer Fee (Competitive Allocation Process Only)	10	10	N/A
Minimum Term of Restrictions (Competitive Allocation Process Only)	10	10	N/A
Negative Points (No Maximum)	-10	-10	0
Total Points	140	110	50