

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
December 16, 2015
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Sarah Lester

Applicant: Housing Authority of the City of Chula Vista

Allocation Amount Requested:

Tax-exempt: \$21,700,000

Project Information:

Name: Volta Apartment Homes
Project Address: Corner of Stylus Street & Orion Boulevard
Project City, County, Zip Code: Chula Vista, San Diego, 91915

Project Sponsor Information:

Name: G Street Family CIC, LP (Pacific Southwest Community Development Corporation; and CIC F Street Family, LLC)
Principals: Robert W. Laing and Juan P. Arroyo for Pacific Southwest Community Development Corporation; James J. Schmid, Cheri Hoffman, Charles A. Schmid and Lynn Schmid for CIC F Street Family, LLC
Property Management Company: CIC Management, Inc.

Project Financing Information:

Bond Counsel: Stradling, Yocca, Carlson & Rauth
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Private Placement Purchaser: Citibank, NA
TEFRA Adoption Date: October 13, 2015

Description of Proposed Project:

State Ceiling Pool: General
Total Number of Units: 122, plus 1 manager unit
Type: New Construction
Type of Units: Senior Citizens

Volta Apartment Homes is a 123 unit senior new construction development, 100% affordable on an approximate 1.36 acre parcel in the Otay Mesa neighborhood in the City of Chula Vista. It will consist of 99 one bedroom and 24 two bedroom units in one five-story building. The required number of units will have built out accessible bathrooms and wheel chair barrier free shower stalls. Of the total 123 units, 122 units will be restricted to tenants with incomes ranging from 50 percent to 60 percent of the San Diego Area Median Income. One two-bedroom unit will be reserved for an onsite manager. Volta Apartment Homes will also have surface parking adequate for the tenants and their guests. A community room will be located on site as will a leasing office. Unit amenities include central heat and air conditioning, blinds, vinyl flooring in the kitchen, bathrooms and entry area with wall to wall carpeting throughout the remainder of the unit. Appliances include a stove/oven, garbage disposal and refrigerator. Construction is anticipated to last twelve months beginning in February of 2016 and finishing in May of 2017.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%

11% (13 units) restricted to 50% or less of area median income households.

89% (109 units) restricted to 60% or less of area median income households.

Unit Mix: 1 & 2 bedrooms

The proposed project will not be providing service amenities.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$ 35,021,814	
Estimated Hard Costs per Unit:	\$ 126,370	(\$15,417,147 /122 units)
Estimated per Unit Cost:	\$ 287,064	(\$35,021,814 /122 units)
Allocation per Unit:	\$ 177,869	(\$21,700,000 /122 units)
Allocation per Restricted Rental Unit:	\$ 177,869	(\$21,700,000 /122 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 21,700,000	\$ 9,463,494
Master Developer Loan	\$ 6,832,281	\$ 6,832,281
Def. Developer Fee	\$ 0	\$ 481,273
LIH Tax Credit Equity	\$ 1,824,879	\$ 15,690,456
Direct/Indirect Public Funds	\$ 2,215,036	\$ 2,215,036
Other (Def. Fees & Costs, Accr.Soft Loan Int.)	\$ 2,449,618	\$ 339,274
Total Sources	\$ 35,021,814	\$ 35,021,814

Uses of Funds:	
Acquisition/Land Purchase	\$ 1
Hard Construction Costs	\$ 15,417,147
Architect & Engineering Fees	\$ 642,500
Contractor Overhead & Profit	\$ 1,196,577
Developer Fee	\$ 2,500,000
Legal Fees	\$ 137,500
Local Development Impact Fees	\$ 4,481,488
Cost of Issuance	\$ 154,910
Cost Contingency	\$ 875,986
Operating Reserve	\$ 277,483
Capitalized Interest	\$ 848,341
Construction and Permanent Financing	\$ 596,819
Acquisition of Off-Site Improvements	\$ 6,832,281
Other Soft Costs (Marketing, etc.)	\$ 1,060,782
Total Uses	\$ 35,021,815

Description of Financial Structure and Bond Issuance:

The financial structure for the proposed project will be a private placement transaction provided by Citibank, NA (the "Bank") for both construction and permanent financing. During the construction phase, the Bank's loan term will be for 24 months with one 6-month extension option. The interest rate will be a variable rate equal to the sum of the 1-month LIBOR index plus a spread of 1.80%. At the time of lender commitment, the 1-month LIBOR index was at 0.19% for an all-in rate of 1.99%. During the permanent financing phase, the Bank's loan term will be for 15 years with an amortization period of 35 years with one six month option to extend. The interest rate will be a fixed rate equal to the sum of the 18 year LIBOR Swap Index plus a spread of 1.80%. At the time of lender commitment, the 18 year LIBOR swap index was 2.48% for an indicative rate of 4.28%. The bonds will be issued by the Housing Authority of the City of Chula Vista.

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: 59.48 out of 130

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$21,700,000 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
Federally Assisted At-Risk Project or HOPE VI Project	20	20	0
Exceeding Minimum Income Restrictions:	35	15	25
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Federally Assisted At-Risk Project or HOPE VI Project]	[10]	[10]	10
Gross Rents	5	5	5
Large Family Units	5	5	0
Leveraging	10	10	6.98
Community Revitalization Area	15	15	0
Site Amenities	10	10	2.5
Service Amenities	10	10	0
New Construction	10	10	10
Sustainable Building Methods	10	10	0
Negative Points	-10	-10	0
Total Points	130	100	59.48

The criteria for which points are awarded will also be incorporated into the Resolution transferring Allocation to the Applicant as well as the appropriate bond documents and loan and finance agreements.