

**THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**  
**May 21, 2014**  
**Staff Report**  
**REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A**  
**QUALIFIED RESIDENTIAL RENTAL PROJECT**

*Prepared by: Richard Fischer*

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**Applicant:** California Municipal Finance Authority

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**Allocation Amount Requested:**  
**Tax-exempt:** \$6,000,000

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**Project Information:**  
**Name:** Camino Esperanza Apartments  
**Project Address:** 1384 Katherine Road South  
**Project City, County, Zip Code:** Simi Valley, Ventura, 93063

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**Project Sponsor Information:**  
**Name:** To Be Determined (Cabrillo Economic Development Corporation)  
**Principals:** Nancy Conk, Debbie de Vay, Karen Flock, Jesse Ornelas, John Matthews for Cabrillo Economic Development Corporation  
**Property Management Company:** Cabrillo Economic Development Corporation

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**Project Financing Information:**  
**Bond Counsel:** Quint & Thimmig LLP  
**Underwriter:** Not Applicable  
**Credit Enhancement Provider:** Not Applicable  
**Private Placement Purchaser:** Wells Fargo Bank, NA  
**TEFRA Adoption Date:** March 31, 2014

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**Description of Proposed Project:**  
**State Ceiling Pool:** General  
**Total Number of Units:** 30, plus 1 manager unit  
**Type:** New Construction  
**Type of Units:** Senior Citizens/Special Needs

The vacant, undeveloped 2.61-acre site will have six single-story buildings of five one-bedroom apartments at 540 sq. ft. plus a separate building for the 820 sq. ft. two-bedroom manager's unit. Also included is a 1,324 sq. ft. community building for the tenants to gather, hold meetings and socialize using the kitchenette. Outdoor common recreation areas are provided along with private patios. 31 tenant and 8 guest parking spaces are available. Construction is scheduled to begin in July 2014, and is expected to be completed by December 2015.

**Description of Public Benefits:**

**Percent of Restricted Rental Units in the Project:** 100%  
100% (30 units) restricted to 50% or less of area median income households.  
**Unit Mix:** 1 bedroom

There are no service amenities.

**Term of Restrictions:**

**Income and Rent Restrictions:** 55 years

**Details of Project Financing:**

<b>Estimated Total Development Cost:</b>	\$ 11,647,328	
<b>Estimated Hard Costs per Unit:</b>	\$ 172,444	(\$5,173,306 /30 units)
<b>Estimated per Unit Cost:</b>	\$ 388,244	(\$11,647,328 /30 units)
<b>Allocation per Unit:</b>	\$ 200,000	(\$6,000,000 /30 units)
<b>Allocation per Restricted Rental Unit:</b>	\$ 200,000	(\$6,000,000 /30 restricted units)

<b>Sources of Funds:</b>	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 6,000,000	\$ 0
Developer Equity	\$ 100	\$ 100
Deferred Developer Fee	\$ 653,900	\$ 653,900
LIH Tax Credit Equity	\$ 552,775	\$ 4,063,028
Direct & Indirect Public Funds	\$ 4,095,300	\$ 6,930,300
Other(Deferred Costs)	\$ 345,253	\$ 0
<b>Total Sources</b>	<b>\$ 11,647,328</b>	<b>\$ 11,647,328</b>

<b>Uses of Funds:</b>	
Acquisition/Land Purchase	\$ 1,550,000
On & Off Site Costs	\$ 1,651,309
Hard Construction Costs	\$ 3,521,997
Architect & Engineering Fees	\$ 577,670
Contractor Overhead & Profit	\$ 362,409
Developer Fee	\$ 1,213,400
Cost of Issuance	\$ 189,600
Capitalized Interest	\$ 290,600
Other Soft Costs (Marketing, etc.)	\$ 2,290,343
<b>Total Uses</b>	<b>\$ 11,647,328</b>

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**Description of Financial Structure and Bond Issuance:**

This is a Wells Fargo Bank, N.A. Private Placement transaction with the bonds being issued by the California Municipal Finance Authority. This is a construction loan financed project only. There will be no permanent bond financing. The 20-month loan shall bear an interest rate computed on the basis of a 360-day year equal to 30-day LIBOR plus 180 basis points and is an indicative rate if the loan were to close as of the date of this commitment.

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**Analyst Comments:**

Not Applicable

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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:** 65.8 out of 130

[See Attachment A]

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**Recommendation:**

Staff recommends that the Committee approve \$6,000,000 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
Federally Assisted At-Risk Project or HOPE VI Project	20	20	0
Exceeding Minimum Income Restrictions:	35	15	35
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Federally Assisted At-Risk Project or HOPE VI Project]	[10]	[10]	3.3
Gross Rents	5	5	5
Large Family Units	5	5	0
Leveraging	10	10	10
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
<b>Total Points</b>	<b>130</b>	<b>100</b>	<b>65.8</b>

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.