

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
December 14, 2016
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Louise Eller

Applicant: California Statewide Communities Development Authority

Allocation Amount Requested:
Tax-exempt: \$19,000,000

Project Information:
Name: Emerald Gardens Apartments
Project Address: 8720 Valley View
Project City, County, Zip Code: Buena Park, Orange, 90620

Project Sponsor Information:
Name: Emerald Park 2016 LP (AHA Orange MGP, LLC and Emerald Park Holdings, LLC)
Principals: Jonathan B. Webb and William W. Hirsch for AHA Orange MGP, LLC and Paul F. Fruchbom and Mark Hyatt for Emerald Park Holdings, LLC
Property Management Company: VPM Management, Inc.

Project Financing Information:
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Private Placement Purchaser: Citibank, N.A.
Public Sale: Not Applicable
Underwriter: Not Applicable
TEFRA Noticing Date: May 25, 2016
TEFRA Adoption Date: June 14, 2016

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 109, plus 1 manager unit
Type: Acquisition and Rehabilitation
Type of Units: Family

Emerald Gardens is an existing project located in Buena Park on a 5.5 acre site. The project has 109 two-bedroom units. The subject consists of 10 two-story garden-style residential buildings. The interior improvements include replacement of carpets, window coverings, appliances, counters, cabinets, old tubs and heaters/ACs. The drywall will be repaired and plumbing/electrical/hardware updates will be made. The exterior repairs include roofs, balcony decks, asphalt, windows and utility doors. The laundry room, pool area and landscaping will be rehabilitated/improved. The property will receive ADA improvements and plumbing upgrades as well. The energy efficiency of the buildings will be increased by at least 10%. Renovation is expected to begin November 2016 and be completed by October 31, 2017.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
11% (12 units) restricted to 50% or less of area median income households.
89% (97 units) restricted to 60% or less of area median income households.
Unit Mix: 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: \$ 29,689,418
Estimated Hard Costs per Unit: \$ 20,808 (\$2,268,090 /109 units)
Estimated per Unit Cost: \$ 269,904 (\$29,689,418 /110 units including mgr. units)
Allocation per Unit: \$ 174,312 (\$19,000,000 /109 units)
Allocation per Restricted Rental Unit: \$ 174,312 (\$19,000,000 /109 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 19,000,000	\$ 14,030,000
LIH Tax Credit Equity	\$ 3,344,128	\$ 8,906,955
City of Buena Park Loan	\$ 0	\$ 299,112
Deferred Developer Fee	\$ 0	\$ 2,823,294
Seller Carryback Loan	\$ 2,100,000	\$ 2,100,000
Net Income From Operations	\$ 1,530,057	\$ 1,530,057
Total Sources	\$ 25,974,185	\$ 29,689,418

Uses of Funds:	
Land Cost/Acquisition	\$ 21,499,112
Rehabilitation	\$ 2,175,305
Contractor Overhead & Profit	\$ 204,128
Architectural Fees	\$ 26,550
Survey and Engineering	\$ 11,600
Construction Interest and Fees	\$ 1,363,250
Permanent Financing	\$ 371,915
Legal Fees	\$ 65,000
Reserves	\$ 350,020
Contingency Cost	\$ 206,190
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 320,348
Developer Costs	\$ 3,096,000
Total Uses	\$ 29,689,418

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: 61 out of 140
[See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$19,000,000 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
Preservation Project	20	20	20
Exceeding Minimum Income Restrictions:	35	15	26
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	0
Gross Rents	5	5	5
Large Family Units	5	5	0
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	0
Minimum Term of Restrictions (Competitive Allocation Process Only)	10	10	0
Negative Points (No Maximum)	-10	-10	0
Total Points	140	110	61

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.