

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
November 15, 2017
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Richard Fischer

Applicant:	California Municipal Finance Authority
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Allocation Amount Requested:	Tax-exempt: \$16,500,000
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Project Information:	Name: East 6th Street Family Apartments
	Project Address: 1040-1066 East 6th Apts
	Project City, County, Zip Code: Corona, Riverside, 92879

Project Sponsor Information:	Name: East 6th Street, LP (OHDC East 6th Street, LLC & C&C East 6th Street, LLC)
	Principals: Eunice Bobert for OHDC East 6th Street, LLC & Cottle Family Trust (Todd Cottle member) for C&C East 6th Street, LLC
	Property Management Company: Advanced Property Services, L.L.C.

Project Financing Information:	Bond Counsel: Orrick, Herrington & Sutcliffe LLP
	Private Placement Purchaser: Bank of America, N.A. (construction only)
	Cash Flow Permanent Bond: Not Applicable
	Public Sale: Not Applicable
	Underwriter: Not Applicable
	Credit Enhancement Provider: Not Applicable
	Rating: Not Applicable
	TEFRA Noticing Date: July 26, 2017
	TEFRA Adoption Date: August 16, 2017

Description of Proposed Project:	State Ceiling Pool: General
	Total Number of Units: 85
	Manager's Units: 1 Unrestricted
	Type: New Construction
	Population Served: Family

East 6th Street Apartments is a new construction project located in Corona on a 4-acre site. The project consists of 84 restricted rental units and 1 unrestricted manager unit. The project will have 23 one-bedroom units, 23 two-bedroom units and 39 three-bedroom units. The buildings will be 2- and 3-story wood framed construction with a stucco finish. Common amenities include, tot lot, community room, laundry facilities, management offices, computer room, multipurpose room with kitchen and community pool. Each unit will have refrigerator, range/oven, central heat and air. There are 147 parking spaces provided. The construction is expected to begin March 2018 and completed in September 2019.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%

11% (9 units) restricted to 50% or less of area median income households.

89% (75 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:

Estimated Total Development Cost:	\$ 29,323,636	
Estimated Hard Costs per Unit:	\$ 164,478	(\$13,980,660 /85 units including mgr. units)
Estimated per Unit Cost:	\$ 344,984	(\$29,323,636 /85 units including mgr. units)
Allocation per Unit:	\$ 194,118	(\$16,500,000 /85 units including mgr. units)
Allocation per Restricted Rental Unit:	\$ 196,429	(\$16,500,000 /84 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 16,500,000	\$ 0
Taxable Bond Proceeds	\$ 0	\$ 4,814,690
LIH Tax Credit Equity	\$ 720,000	\$ 8,698,747
Developer Equity	\$ 100	\$ 1,043,483
Deferred Developer Fee	\$ 1,900,000	\$ 1,205,997
Deferred Costs	\$ 240,740	\$ 0
Column Financial, Inc. Sub Loan	\$ 1,970,980	\$ 1,970,980
Home Investment Partnership Act	\$ 0	\$ 1,356,888
Community Development Block Grant	\$ 0	\$ 600,000
Corona Housing Authority Loan	\$ 7,991,816	\$ 8,268,191
City of Corona Impact Fee Deferral	\$ 0	\$ 1,189,660
Return of Cash Deposit	\$ 0	\$ 175,000
Total Sources	\$ 29,323,636	\$ 29,323,636

Uses of Funds:	
Land Cost/Acquisition	\$ 5,914,400
Relocation	\$ 143,000
New Construction	\$ 12,504,324
Contractor Overhead & Profit	\$ 850,000
Architectural Fees	\$ 680,000
Survey and Engineering	\$ 300,000
Construction Interest and Fees	\$ 1,377,963
Permanent Financing	\$ 109,497
Legal Fees	\$ 130,000
Reserves	\$ 176,300
Appraisal	\$ 25,000
Hard Cost Contingency	\$ 616,936
Local Development Impact Fees	\$ 2,643,925
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 908,808
Developer Costs	\$ 2,943,483
Total Uses	\$ 29,323,636

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:

70 out of 140 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$16,500,000 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	0
Exceeding Minimum Income Restrictions:	35	15	25
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	10
Gross Rents	5	5	5
Large Family Units	5	5	5
Leveraging	10	10	10
Community Revitalization Area	5	5	0
Site Amenities	10	10	5
Service Amenities	10	10	0
New Construction or Substantial Renovation	10	10	10
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	120	70