

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
July 20, 2011
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Crystal Alvarez

Applicant: Housing Authority Of The City of Santa Ana

Allocation Amount Requested:
Tax-exempt: \$8,803,262

Project Information:
Name: **Bush Washington Apartments**
Project Address: 2034/2038 N. Bush Street and 605/611 E. Washington Avenue
Project City, County, Zip Code: Santa Ana, Orange, 92706

Project Sponsor Information:
Name: Santa Ana WBBB, L.P. (Orange Housing Development Corporation and C&C Development Company, LLC)
Principals: Eunice Bobert for Orange Housing Development Corporation; Todd R. Cottle and the Cottle Family Trust for C&C Development Company, LLC)
Property Management Company: Advanced Property Services, LLC

Project Financing Information:
Bond Counsel: Quint & Thimmig LLP
Private Placement Purchaser: Bank of America, N.A. (Construction) / California Community Reinvestment Corporation (Permanent)
TEFRA Hearing Date: March 7, 2011

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 40, plus 1 manager unit
Type: New Construction
Type of Units: Family

The proposed project involves the construction of a 36 unit podium building and a 5-plex on a separate scattered site. The properties are located within existing mature neighborhoods comprised of a mixture of single family housing, high density multifamily rental, high density multifamily for sale, commercial and industrial properties constructed at various times from the turn of the 20th century through the 2000's.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
100% (40 units) restricted to 50% or less of area median income households.
Unit Mix: 2, 3 & 5 bedroom

The 605-611 E. Washington building will have 8 two-bedroom, 27 three-bedroom, and 1 five-bedroom units. The 2034-2038 N. Bush complex will have 2 two-bedroom and 3 three-bedroom units. The total unit count will be 41. The Washington site is within close proximity to Chepa's Park, Jimenez Ranch Market and Davis Elementary School. The Bush site is within close proximity to Santiago Park, Big Saver Foods and public transportation.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$ 17,002,957	
Estimated Hard Costs per Unit:	\$ 249,127	(\$9,965,063 /40 units)
Estimated per Unit Cost:	\$ 425,074	(\$17,002,957 /40 units)
Allocation per Unit:	\$ 220,082	(\$8,803,262 /40 units)
Allocation per Restricted Rental Unit:	\$ 220,082	(\$8,803,262 /40 restricted units)

The Project has total project costs that appear high for the geographic area in which it is located. According to the Project sponsor, the high cost is due to the construction of a three story building over a ground parking garage, serviced elevator and a podium deck.

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 8,803,262	\$ 2,253,264
Developer Equity	\$ 78	\$ 78
Deferred Developer Fee	\$ 1,622,242	\$ 1,027,183
LIH Tax Credit Equity	\$ 1,290,465	\$ 5,875,268
Direct & Indirect Public Funds	\$ 5,016,739	\$ 7,847,164
Cost Deferred Until Completion	\$ 270,171	\$ 0
Total Sources	\$ 17,002,957	\$ 17,002,957

Uses of Funds:	
Land Purchase	\$ 655,000
On & Off Site Costs	\$ 1,270,268
Hard Construction Costs	\$ 8,694,795
Architect & Engineering Fees	\$ 547,021
Contractor Overhead & Profit	\$ 1,241,377
Developer Fee	\$ 1,985,190
Cost of Issuance	\$ 247,380
Capitalized Interest	\$ 542,936
Other Soft Costs (Marketing, etc.)	\$ 1,818,990
Total Uses	\$ 17,002,957

Description of Financial Structure and Bond Issuance:

Bank of America will provide the construction loan financing through the direct purchase of the tax-exempt bonds. The construction loan will have a term of 24 months with an interest rate of 5.26%. California Community Reinvestment Corporation, through Bank of America, will provide the permanent loan financing amortized over 30 years with a fixed rate of 6.55%/ The construction loan will be paid down with the tax-credit equity and the Community Redevelopment Agency of the City of Santa Ana residual receipts.

Analyst Comments:

Not Applicable

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: 89.5 out of 118

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$8,803,262 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]	10
Gross Rents	5	5	5
Large Family Units	5	5	5
Leveraging	10	10	10
Community Revitalization Area	15	15	0
Site Amenities	10	10	7.5
Service Amenities	10	10	0
New Construction	10	10	10
Sustainable Building Methods	8	8	7
Negative Points	-10	-10	0
Total Points	118	98	89.5

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.