

**THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**  
**September 28, 2011**  
**Staff Report**  
**REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A**  
**QUALIFIED RESIDENTIAL RENTAL PROJECT**

*Prepared by: Annie Ong*

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**Applicant:** Housing Authority of the City of Oxnard

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**Allocation Amount Requested:**  
**Tax-exempt:** \$15,000,000

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**Project Information:**  
**Name:** Las Villas de Paseo Nuevo Apartments  
**Project Address:** 5655, 5667, 5701, 5703-5705, 5709,  
5711, 5713 5715 and 5727 Cypress Road  
**Project City, County, Zip Code:** Oxnard, Ventura, 93033

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**Project Sponsor Information:**  
**Name:** Paseo Nuevo Partners, L.P. (Pat McCarthy Construction, Inc.;  
Housing Authority of the City of Oxnard and Las Cortes, Inc.)  
**Principals:** Las Cortes, Inc: William E. Wilkins, Carrie Sabatini, Larry  
White  
Pat McCarthy Construction, Inc.: Pat McCarthy, Sarah  
McCarthy and Francis Brookes  
**Property Management Company:** Housing Authority of the City of Oxnard  
Housing Authority of the City of Oxnard

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**Project Financing Information:**  
**Bond Counsel:** Quint & Thimmig LLP  
**Underwriter:** Not Applicable  
**Credit Enhancement Provider:** Not Applicable  
**Private Placement Purchaser:** Citibank, N.A.  
**TEFRA Hearing Date:** June 21, 2011

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**Description of Proposed Project:**  
**State Ceiling Pool:** General  
**Total Number of Units:** 71, plus 1 manager unit  
**Type:** New Construction  
**Type of Units:** Family

The proposed Project is a new construction multi-family community that will be 100% affordable. Of the 71 restricted units 29% will be restricted at 50% AMI and the remaining units will be restricted at 60% AMI. The target population for the Project will be families in most units, but there might be single individuals occupying some of the units (particularly the 2-bedroom units). Construction is expected to begin around November 2011 and be completed by May 2013.

**Description of Public Benefits:**

**Percent of Restricted Rental Units in the Project:** 100%  
30% (21 units) restricted to 50% or less of area median income households.  
70% (50 units) restricted to 60% or less of area median income households.  
**Unit Mix:** 2 & 3 bedrooms

**Term of Restrictions:**

**Income and Rent Restrictions:** 55 years

**Details of Project Financing:**

**Estimated Total Development Cost:** \$ 26,298,167  
**Estimated Hard Costs per Unit:** \$ 158,995 (\$11,288,650 /71 units)  
**Estimated per Unit Cost:** \$ 370,397 (\$26,298,167 /71 units)  
**Allocation per Unit:** \$ 211,268 (\$15,000,000 /71 units)  
**Allocation per Restricted Rental Unit:** \$ 211,268 (\$15,000,000 /71 restricted units)

<b>Sources of Funds:</b>	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 15,000,000	\$ 7,200,000
Seller Carryback Note on Land	\$ 2,000,000	\$ 2,000,000
Deferred Developer Fee	\$ 941,195	\$ 941,195
Deferred Impact Fees	\$ 600,000	\$ 600,000
Accrued Interest on Seller Note & City Loans	\$ 415,000	\$ 415,000
LIH Tax Credit Equity	\$ 91,972	\$ 7,480,772
Direct & Indirect Public Funds	\$ 6,800,000	\$ 7,000,000
Other (Solar Rebates)	\$ 450,000	\$ 661,200
<b>Total Sources</b>	<b>\$ 26,298,167</b>	<b>\$ 26,298,167</b>

<b>Uses of Funds:</b>	
Land Purchase	\$ 4,000,000
On & Off Site Costs	\$ 2,900,600
Hard Construction Costs	\$ 8,388,050
Hard Cost Contingency	\$ 607,991
Architect & Engineering Fees	\$ 480,883
Contractor Overhead & Profit	\$ 1,614,494
Developer Fee	\$ 2,500,000
Relocation	\$ 550,000
Cost of Issuance	\$ 517,000
Capitalized Interest	\$ 1,015,000
Impact Fees & Permit Processing	\$ 2,162,966
Other Soft Costs (Marketing, etc.)	\$ 1,561,183
<b>Total Uses</b>	<b>\$ 26,298,167</b>

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**Description of Financial Structure and Bond**

Las Villas de Paseo will be financed using a combination of sources of funding. The source of funds will include tax-exempt bonds, affordable housing tax credit equity, a residual receipts of loan from in-lieu funds of the City of Oxnard, a residual receipts loan from the Oxnard Community Development Commission, deferred developer fee, seller carryback loan, solar tax credit equity, solar rebates, accrued construction term interest on seller carryback and city loans, and deferred impact fees.

The tax-except bonds will carry a fixed interest rate during the permanent phase. The interest rate during construction is expected to be at the SIFMA base rate plus 325 basis points, plus issuer and trustee fees that are expected to total roughly 17 basis points. The interest rate during the permanent phase is expected to be 6.42 % (6.25% rate plus issuer and trustee fees that are expected to total 17 basis points). The amortization period is 35 years and the loan term is 17 years. The construction phase of the bonds will be for a period of 24 months or less with an optional 6-month extension period. The bonds will be recourse during construction and nonrecourse over the permanent phase. The lender commitment letter lists a minimum debt coverage ratio of 1.15 for permanent loan sizing. The bonds will be structured as a private placement with Citi Community Capital.

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**Analyst Comments:**

None

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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:**

78 out of 118

[See Attachment A]

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**Recommendation:**

Staff recommends that the Committee approve \$15,000,000 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]	0
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	5
Service Amenities	10	10	0
New Construction	10	10	10
Sustainable Building Methods	8	8	8
Negative Points	-10	-10	0
<b>Total Points</b>	<b>118</b>	<b>98</b>	<b>78</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.