

**THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**  
**July 20, 2016**  
**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: \$13,750,000

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**Project Information:**

**Name:** Sea Breeze Apartments  
**Project Address:** 3610 Samuel Avenue  
**Project City, County, Zip Code:** Oxnard, Ventura, 93033

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**Project Sponsor Information:**

**Name:** Sea Breeze Venture LP (Sea Breeze GP LLC and Pacific Southwest Community Development Corporation)  
**Principals:** Sydne Garchik for Sea Breeze GP LLC; Robert Laing, Juan Arroyo, Elena Vega, Jessica Farber and Martha Venegas for Pacific Southwest Community Development Corporation.  
**Property Management Company:** Apartment Management Consultants, LLC

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**Project Financing Information:**

**Bond Counsel:** Orrick, Herrington & Sutcliffe LLP  
**Underwriter:** Not Applicable  
**Credit Enhancement Provider:** Not Applicable  
**Private Placement Purchaser:** Jones Lang LaSalle Multifamily, LLC  
**TEFRA Noticing Date:** May 19, 2016  
**TEFRA Adoption Date:** June 7, 2016

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**Description of Proposed Project:**

**State Ceiling Pool:** General  
**Total Number of Units:** 91, plus 1 manager unit  
**Type:** Acquisition and Rehabilitation  
**Type of Units:** Family

Sea Breeze Apartments is an existing 92 unit, low-rise apartment complex located at 3610 Samuel Avenue, Oxnard, CA 93033. The Project is situated on approximately 2.12 acres of land and was constructed in the early 1960s. The Project consists of 12 contiguous legal lots and is comprised of 1 or 2 bedroom apartment units in separate 2-storied buildings. Building exterior renovations will consist of façade improvements, roof repairs and overlay, window and sliding door replacements, and a fresh coat of paint. Interior renovations will include laundry room, leasing office, and community room upgrades. Individual apartment units will receive a new appliance package, countertops, cabinets, fixtures, paint, and electrical updates. All interior renovations will allow the apartment units to maintain full functionality, including all utilities, and tenants will be able to utilize the sleeping quarters nightly during the construction period. Lastly, common or site area renovation will consist of concrete

repairs, pedestrian gate installation, new pool shed/equipment and egress gate installation, and lighting/signage improvements. Renovations for the Project are expected to commence by August 2016 and last approximately 12 months.

**Description of Public Benefits:**

**Percent of Restricted Rental Units in the Project:** 100%

11% (10 units) restricted to 50% or less of area median income households.

89% (81 units) restricted to 60% or less of area median income households.

**Unit Mix:** 1 & 2 bedrooms

The proposed project will not be providing service amenities.

**Term of Restrictions:**

**Income and Rent Restrictions:** 55 years

**Details of Project Financing:**

|                                               |               |                                     |
|-----------------------------------------------|---------------|-------------------------------------|
| <b>Estimated Total Development Cost:</b>      | \$ 21,618,191 |                                     |
| <b>Estimated Hard Costs per Unit:</b>         | \$ 21,179     | (\$1,927,315 /91 units)             |
| <b>Estimated per Unit Cost:</b>               | \$ 237,563    | (\$21,618,191 /91 units)            |
| <b>Allocation per Unit:</b>                   | \$ 151,099    | (\$13,750,000 /91 units)            |
| <b>Allocation per Restricted Rental Unit:</b> | \$ 151,099    | (\$13,750,000 /91 restricted units) |

| <b>Sources of Funds:</b>   | Construction  | Permanent     |
|----------------------------|---------------|---------------|
| Tax-Exempt Bond Proceeds   | \$ 13,750,000 | \$ 13,750,000 |
| LIH Tax Credit Equity      | \$ 6,737,826  | \$ 6,737,826  |
| Deferred Developer Fee     | \$ 479,729    | \$ 479,729    |
| Net Income From Operations | \$ 650,635    | \$ 650,635    |
| Total Sources              | \$ 21,618,190 | \$ 21,618,190 |

| <b>Uses of Funds:</b>                             |               |
|---------------------------------------------------|---------------|
| Land Cost/Acquisition                             | \$ 15,075,000 |
| Rehabilitation                                    | \$ 2,322,414  |
| Relocation                                        | \$ 15,000     |
| Contractor Overhead                               | \$ 115,639    |
| Architectural Fees                                | \$ 100,000    |
| Construction Interest and Fees                    | \$ 748,266    |
| Permanent Financing                               | \$ 186,875    |
| Legal Fees                                        | \$ 225,000    |
| Reserves                                          | \$ 179,107    |
| Appraisal                                         | \$ 10,000     |
| Other Project Costs (Soft Costs, Marketing, etc.) | \$ 194,110    |
| Developer Costs                                   | \$ 2,446,779  |
| Total Uses                                        | \$ 21,618,190 |

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

This is a California Municipal Finance Authority private placement transaction. Jones Lang LaSalle Multifamily, LLC is providing the financing for Freddie Mac. The loan term will be for 16 years with an interest only for three years followed by an amortization period of 35 years at a fixed rate of 3.75%.

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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:** 45.5 out of 140  
[See Attachment A]

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**Recommendation:**

Staff recommends that the Committee approve \$13,750,000 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<br>[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                                                | 5             |
| Site Amenities                                                                                       | 10                                                   | 10                                               | 7.5           |
| Service Amenities                                                                                    | 10                                                   | 10                                               | 0             |
| New Construction or Substantial Renovation                                                           | 10                                                   | 10                                               | 0             |
| Sustainable Building Methods                                                                         | 10                                                   | 10                                               | 3             |
| Forgone Eligible Developer Fee<br>(Competitive Allocation Process Only)                              | 10                                                   | 10                                               | 0             |
| Minimum Term of Restrictions<br>(Competitive Allocation Process Only)                                | 10                                                   | 10                                               | 0             |
| Negative Points (No Maximum)                                                                         | -10                                                  | -10                                              | 0             |
| <b>Total Points</b>                                                                                  | <b>140</b>                                           | <b>120</b>                                       | <b>45.5</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.