

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
September 21, 2016
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Richard Fischer

Applicant: California Statewide Communities Development Authority

Allocation Amount Requested:
Tax-exempt: \$77,631,732

Project Information:
Name: Uptown Newport I
Project Address: 4301 Jamboree Road
Project City, County, Zip Code: Newport Beach, Orange, 92660

Project Sponsor Information:
Name: To Be Formed L.P. (TPG/TSG Venture I Acquisition, LLC (AHA Macarthur MGP, LLC (Affordable Housing Access, Inc.) and Uptown Newport South Building GP, LLC))
Principals: William W. Hirsch, Jonathan B. Webb, Jeffrey A.E. Zoldos, Hilda L. Jusuf, Matthew B. Kaufman for AHA Macarthur MGP, LLC (Affordable Housing Access, Inc.); and Jon Demorest for Uptown Newport South Building GP, LLC
Property Management Company: Picerne Management Corporation

Project Financing Information:
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Private Placement Purchaser: Not Applicable
Public Sale: A-Rated or Higher
Underwriter: Hutchinson, Shockey, Erley & Co.
Rating: A-2 Rating Standard and Poor's
TEFRA Noticing Date: January 8, 2016
TEFRA Adoption Date: January 26, 2018

Description of Proposed Project:
State Ceiling Pool: Mixed Income
Total Number of Units: 230, plus 3 manager units
Type: New Construction
Type of Units: Family

The Project will be a part of a multi-phase development. The first phase will consist of the development of Uptown Newport North (Project) and Uptown Newport South, which will include ground floor retail. Other uses, such as a hotel and park are also proposed for Phase I of development. The entire site for Phase I encompasses approximately 12.6 acres or 548,856 square feet. Uptown Newport North (the Project) will occupy approximately 2.4 acres or 104,544 square feet. The Project will contain a total of 233 studio, one, and two-bedroom apartment units. Forty-six units (20 percent) will be income-restricted, and offered to family households with income levels at 50 percent of the area median income (AMI) or less. The remaining 187 units will be market-rate. The developer intends to begin construction in late summer 2016, with units becoming available for lease in April/May of 2018.



Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 20%
20% (46 units) restricted to 50% or less of area median income households.
Unit Mix: Studio, 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:

Estimated Total Development Cost:	\$ 84,632,815	
Estimated Hard Costs per Unit:	\$ 175,785	(\$40,430,586 /230 units)
Estimated per Unit Cost:	\$ 363,231	(\$84,632,815 /233 units including mngr. units)
Allocation per Unit:	\$ 337,529	(\$77,631,732 /230 units)
Allocation per Restricted Rental Unit:	\$ 1,687,646	(\$77,631,732 /46 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 77,631,732	\$ 77,631,732
LIH Tax Credit Equity	\$ 2,151,744	\$ 5,379,360
Developer Equity	\$ 2,349,339	\$ 0
Deferred Developer Fee	\$ 2,500,000	\$ 1,621,723
Total Sources	\$ 84,632,815	\$ 84,632,815

Uses of Funds:	
Land Cost/Acquisition	\$ 5,500,000
New Construction	\$ 50,890,766
Contractor Overhead	\$ 186,624
Architectural Fees	\$ 1,806,241
Construction Interest and Fees	\$ 5,505,843
Legal Fees	\$ 409,670
Reserves	\$ 1,644,079
Contingency Cost	\$ 1,419,571
Local Development Impact Fees	\$ 12,432,391
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 1,894,727
Developer Costs	\$ 2,942,903
Total Uses	\$ 84,632,815

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:

46 out of 120

[See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$77,631,732 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	6
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	0
Leveraging	10	10	0
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	10
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	120	46

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.