

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: Richard Fischer

Applicant: Housing Authority of the City of Santa Ana

Allocation Amount Requested:
Tax-exempt: \$1,812,438

Project Information:
Name: Birch Birch Apartments
Project Address: 217/219 South Birch & 435/437 Birch Street
Project City, County, Zip Code: Santa Ana, Orange, 92701

Project Sponsor Information:
Name: Santa Ana WBBB, L.P. (Orange Housing Development Corporation and C&C Development Co. LLC)
Principals: Eunice Bobert for Orange Housing Development Corporation and Barry Cottle and Todd R. Cottle for the C&C Development Co. LLC.

Project Financing Information:
Bond Counsel: Quint & Thimmig LLP
Private Placement Purchaser: Bank of America N.A
TEFRA Hearing Date: March 7, 2011

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 10, with No manager units
Type: New Construction
Type of Units: Family

The project involves two new 5-plexes on separate sites. The total mix will be 4 two-bedroom units and 6 three-bedroom units. Each building will have a central courtyard, gated pedestrian access, and 2-car garage parking for all units. Each unit will have a great room, private patios, in unit washer and dryer hookups, central air, stoves and refrigerators.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
100% (10 units) restricted to 50% 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:	\$	3,636,913	
Estimated Hard Costs per Unit:	\$	195,653	(\$1,956,526 /10 units)
Estimated per Unit Cost:	\$	363,691	(\$3,636,913 /10 units)
Allocation per Unit:	\$	181,244	(\$1,812,438 /10 units)
Allocation per Restricted Rental Unit:	\$	181,244	(\$1,812,438 /10 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 1,812,438	\$ 599,306
Developer Equity	\$ 22	\$ 22
LIH Tax Credit Equity	\$ 333,898	\$ 1,430,251
Direct & Indirect Public Funds	\$ 1,145,735	\$ 1,607,334
Other (Def. Dev. Fee & Def. costs until completion)	\$ 344,820	\$ 0
Total Sources	\$ 3,636,913	\$ 3,636,913

Uses of Funds:	
Land Purchase	\$ 0
On & Off Site Costs	\$ 181,344
Hard Construction Costs	\$ 1,775,182
Architect & Engineering Fees	\$ 132,979
Contractor Overhead & Profit	\$ 244,128
Developer Fee	\$ 441,993
Cost of Issuance	\$ 109,149
Capitalized Interest	\$ 122,064
Other Soft Costs (Marketing, etc.)	\$ 630,074
Total Uses	\$ 3,636,913

Description of Financial Structure and Bond Issuance:

Bank of America will provide the construction loan financing for the project through a direct purchase of tax-exempt bonds issued by the Santa Ana Housing Authority in the amount of \$1,812,438. The loan funds, which will be in place for approximately 24 months, will have an estimated interest rate of 5.26%.

Analyst Comments:

N.A.

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:

83 out of 118

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$1,812,438 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	3
Leveraging	10	10	10
Community Revitalization Area	15	15	0
Site Amenities	10	10	10
Service Amenities	10	10	0
New Construction	10	10	10
Sustainable Building Methods	8	8	0
Negative Points	-10	-10	0
Total Points	118	98	83

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.