

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
December 14, 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: \$400,000

The amount of allocation requested is supplemental to the \$1,812,438 of allocation the Project received on July 20, 2011.

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, LLC)
Principals: Eunice Bobert for Orange Housing Development Corporation and Barry Cottle and Todd R. Cottle for C&C Development, LLC
Property Management Company: Advance Property Services, LLC

Project Financing Information:

Bond Counsel: Quint & Thimmig LLP
Credit Enhancement Provider: Not Applicable
Private Placement Purchaser: Bank of America, N.A. for construction; California Community Reinvestment Corporation for permanent
TEFRA Hearing Date: March 7, 2011

Description of Proposed Project:

State Ceiling Pool: General
Total Number of Units: 10, plus 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

No service amenities.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$	3,880,406	
Estimated Hard Costs per Unit:	\$	215,375	(\$2,153,752 /10 units)
Estimated per Unit Cost:	\$	388,041	(\$3,880,406 /10 units)
Allocation per Unit:	\$	221,244	(\$2,212,438 /10 units)
Allocation per Restricted Rental Unit:	\$	221,244	(\$2,212,438 /10 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 2,212,438	\$ 582,260
Developer Equity	\$ 24	\$ 24
LIH Tax Credit Equity	\$ 81,409	\$ 1,486,173
Direct & Indirect Public Funds	\$ 1,143,056	\$ 1,607,334
Other (Def. Dev. Fee & Def. costs until completion)	\$ 443,479	\$ 204,615
Total Sources	\$ 3,880,406	\$ 3,880,406

Uses of Funds:	
Land Purchase	\$ 0
On & Off Site Costs	\$ 266,572
Hard Construction Costs	\$ 1,887,180
Architect & Engineering Fees	\$ 135,456
Contractor Overhead & Profit	\$ 301,524
Developer Fee	\$ 483,494
Cost of Issuance	\$ 70,211
Capitalized Interest	\$ 105,396
Other Soft Costs (Marketing, etc.)	\$ 630,573
Total Uses	\$ 3,880,406

Description of Financial Structure and Bond

This Bank of America Private Placement transaction has a 24 month construction and lease up facility before it is converted to bonds. There is a 17 year loan maturity with amortization over 30 years from the term loan conversion and closing. CCRC will purchase the converted bonds. The current rate of interest will be 30-day LIBOR+ 300 basis points as determined on an actual 360 basis.

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.

Recommendation:

Staff recommends that the Committee approve \$400,000 in tax exempt bond allocation on a carryforward basis.

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	
Exceeding Minimum Income Restrictions:	35	15	
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Federally Assisted At-Risk Project or HOPE VI Project]	[10]	[10]	
Gross Rents	5	5	
Large Family Units	5	5	
Leveraging	10	10	
Community Revitalization Area	15	15	
Site Amenities	10	10	
Service Amenities	10	10	
New Construction	10	10	
Sustainable Building Methods	8	8	
Negative Points	-10	-10	
Total Points	118	98	0

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.