

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
July 17, 2013
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Leslie J. Campaz

Applicant: California Municipal Finance Authority

Allocation Amount Requested:
Tax-exempt: \$4,500,000

Project Information:
Name: Villa Solimar & Cypress Court Rehabilitation & Resyndication Apartments
Project Address: 490 E. Pleasant Valley Rd, 5135, 5153, 5155 Cypress Road
Project City, County, Zip Code: Oxnard, Ventura, 93033

Project Sponsor Information:
Name: Villa Solimar (Cabrillo Economic Development Corporation)
Principals: Nancy Conk, Karen Flock, Jesse Ornelas, and Luz Soto for both entities.
Property Management Company: Cabrillo Economic Development Corporation

Project Financing Information:
Bond Counsel: Quint & Thimmig LLP
Underwriter: Not Applicable
Private Placement Purchaser: Wells Fargo Bank, N.A. & CA Community Reinvestment Corporation
TEFRA Hearing Date: June 11, 2013

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 35, plus 1 manager unit
Type: Acquisition and Rehabilitation
Type of Units: Family/Special Needs

The Villa Solimar and Cypress Court project consist of 35 apartments at two existing multifamily complexes (two sites) located in the City of Oxnard, in Ventura County, California. The Villa Solimar Apartments targets general occupancy households at 50 percent of AMI, and consists of 32 three-bedroom units. The Cypress Court complex targets individuals with a mental illness at 50 to 60 percent of AMI, and consists of two duplex units; 2 one-bedroom units and 2 two-bedrooms units. Both sites are within close proximity of public transportation, retail, recreational parks and public schools. The scope of the rehabilitation for both sites consists primarily of exterior and interior paint, flooring, cabinets and countertops, parking lot paving, and greening of the projects.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
31% (11 units) restricted to 50% or less of area median income households.
69% (24 units) restricted to 60% or less of area median income households.
Unit Mix: 1, 2 & 3 bedrooms

No service amenities will be provided.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$	7,981,548	
Estimated Hard Costs per Unit:	\$	30,119	(\$1,054,180 /35 units)
Estimated per Unit Cost:	\$	228,044	(\$7,981,548 /35 units)
Allocation per Unit:	\$	128,571	(\$4,500,000 /35 units)
Allocation per Restricted Rental Unit:	\$	128,571	(\$4,500,000 /35 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 4,500,000	\$ 2,290,000
LIH Tax Credit Equity	\$ 229,000	\$ 2,285,060
Other	\$ 3,252,548	\$ 3,406,488
Total Sources	\$ 7,981,548	\$ 7,981,548

Uses of Funds:	
Acquisition/Land Purchase	\$ 4,441,768
On & Off Site Costs	\$ 126,615
Hard Construction Costs	\$ 927,565
Architect & Engineering Fees	\$ 85,000
Contractor Overhead & Profit	\$ 63,251
Developer Fee	\$ 858,100
Relocation	\$ 117,092
Cost of Issuance	\$ 212,300
Capitalized Interest	\$ 99,580
Other Soft Costs (Marketing, etc.)	\$ 1,050,277
Total Uses	\$ 7,981,548

Description of Financial Structure and Bond Issuance:

This is a private placement bond transaction with the bonds being purchased by Wells Fargo Bank, N.A. ("Lender"). Wells Fargo ("Lender") has committed to purchasing a tax-exempt multi-family housing revenue bond to facilitate the construction financing for the Villa Solimar & Cypress Court Rehabilitation and Resyndication project. The loan shall mature Eighteen (18) months after the recording of the deed of trust securing the Loan (the "Initial Maturity Date"). The Loan shall bear interest at a rate per annum equal to 30-day LIBOR plus 185 basis points if Wells Fargo equity is not used and is an indicative rate if the loan were to close as of the date of this commitment. If Wells Fargo equity is used and is an indicative rate if the loan were to close as of the date of this commitment, the Loan shall bear interest at a rate per annum equal to 30-day LIBOR plus 200 basis points. California Community Reinvestment Corporation (CCRC) has committed to providing permanent period bond financing for Villa Solimar & Cypress Court Rehabilitation and Resyndication project. ("Permanent Bond") The indicative rate for the commitment will be 5.25%. The actual interest rate will be determined at time of final underwriting and locked 10 days prior to construction bond closing. The permanent loan will carry a 17 year term and amortization of 30 years.

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.

Total Points: 64.27 out of 130
[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$4,500,000 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]	9.9
Gross Rents	5	5	5
Large Family Units	5	5	4.4
Leveraging	10	10	0
Community Revitalization Area	15	15	0
Site Amenities	10	10	9.9
Service Amenities	10	10	0
New Construction	10	10	0
Sustainable Building Methods	10	10	0
Negative Points	-10	-10	0
Total Points	130	100	64.2

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.