

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
May 20, 2015
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Richard Fischer

Applicant: California Municipal Finance Authority

Allocation Amount Requested:
Tax-exempt: \$10,883,139

Project Information:
Name: Springville Apartments
Project Address: Street address not yet assigned
Project City, County, Zip Code: Camarillo, Ventura, 93010

Project Sponsor Information:
Name: Springville At Camarillo, LP (Springville CCR, LLC and Orange Housing Development Corporation)
Principals: Cottle Family Trust-Barry Cottle, Todd R. Cottle and Sean Rawson for Springville CCR, LLC; Eunice Bobert for Orange Housing Development Corporation
Property Management Company: Advanced Property Services, L.L.C.

Project Financing Information:
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Private Placement Purchaser: Bank of America, NA; Const./ Calif.Comm.Reinvestment Corp.; Perm.
TEFRA Adoption Date: January 28, 2015

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 59, plus 1 manager unit
Type: New Construction
Type of Units: Family

The project involves the construction of 60 affordable residential apartment units. The project includes five, three-story apartment buildings, including a leasing office, a community room, and a tot lot on 2 acres (87,120 Sq. Feet). The proposed development includes 50 attached enclosed garage spaces and 52 open on-site parking spaces. The targeted population is large families. The units will all have a dining rooms, central air, stoves and refrigerators. Expected start date is August 2015 and expected completion date is December 2016.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
51% (30 units) restricted to 50% or less of area median income households.
49% (29 units) restricted to 60% or less of area median income households.
Unit Mix: 1, 2 & 3 bedrooms

There are no service amenities.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$ 18,269,878	
Estimated Hard Costs per Unit:	\$ 178,821	(\$10,550,433 /59 units)
Estimated per Unit Cost:	\$ 309,659	(\$18,269,878 /59 units)
Allocation per Unit:	\$ 184,460	(\$10,883,139 /59 units)
Allocation per Restricted Rental Unit:	\$ 184,460	(\$10,883,139 /59 restricted units)
Sources of Funds:		
	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 10,883,139	\$ 6,067,860
Subordinated Debt	\$ 1,100,000	\$ 1,100,000
Deferred Developer Fee	\$ 1,764,281	\$ 1,246,144
Developer Equity	\$ 100	\$ 100
LIH Tax Credit Equity	\$ 1,847,135	\$ 7,388,541
Other (Deferred Costs Until Completion)	\$ 207,990	\$ 0
Other (Master Dev. Infrastructure Improvement)	\$ 2,467,233	\$ 2,467,233
Total Sources	\$ 18,269,878	\$ 18,269,878
Uses of Funds:		
Acquisition/Land Purchase	\$ 550,000	
On & Off Site Costs	\$ 3,349,707	
Hard Construction Costs	\$ 7,200,726	
Architect & Engineering Fees	\$ 925,026	
Contractor Overhead & Profit	\$ 773,045	
Local Develop. Impact Fee	\$ 1,300,000	
Developer Fee	\$ 2,221,347	
Cost of Issuance	\$ 99,230	
Capitalized Interest	\$ 367,000	
Other Soft Costs (Marketing, etc.)	\$ 1,483,797	
Total Uses	\$ 18,269,878	

Description of Financial Structure and Bond Issuance:

Bank of America will provide the construction loan financing for the Springville at Camarillo project through a direct purchase of tax-exempt bonds issued by the California Municipal Finance Authority in the amount of \$10,883,139. The loan funds, which will be in place for approximately 24 months, will have a variable interest rate equal to the daily floating LIBOR plus 2.15%. The anticipated closing date is August 3, 2015. California Community Reinvestment Corporation, through Bank of America, will provide the permanent loan financing for the project through a direct purchase of tax-exempt bonds issued by the California Municipal Finance Authority in the amount of \$6,067,860. The loan, which will amortize over 35 years, will bear interest rate equal to the greatest of 4.65% or the 15 year munibond index plus 200 basis points, with a term of 18 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: 77.5 out of 130

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$10,883,139 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	5
Leveraging	10	10	0
Community Revitalization Area	15	15	0
Site Amenities	10	10	2.5
Service Amenities	10	10	10
New Construction	10	10	10
Sustainable Building Methods	10	10	0
Negative Points	-10	-10	0
Total Points	130	100	77.5

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.