

**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*

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**Applicant:** California Municipal Finance Authority

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**Allocation Amount Requested:**  
**Tax-exempt:** \$15,185,948

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**Project Information:**  
**Name:** 815 N Harbor Apartments  
**Project Address:** 815 N. Harbor Boulevard  
**Project City, County, Zip Code:** Santa Ana, Orange, 92703

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**Project Sponsor Information:**  
**Name:** 815 N Harbor, LP (OHDC 815 N Harbor, LLC and C&C 815 N Harbor, LLC)  
**Principals:** Cottle Family Trust-Barry Cottle, Todd R. Cottle and Sean Rawson for C&C 815 N Harbor, LLC; Eunice Bobert for OHDC 815 N Harbor, LLC  
**Property Management Company:** Advanced Property Services, L.L.C.

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**Project Financing Information:**  
**Bond Counsel:** Orrick, Herrington & Sutcliffe LLP  
**Underwriter:** Not Applicable  
**Credit Enhancement Provider:** Not Applicable  
**Private Placement Purchaser:** Const. Bank of America, NTSA/ Perm. Calif. Comm. Reinvest. Corp.  
**TEFRA Adoption Date:** February 17, 2015

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**Description of Proposed Project:**  
**State Ceiling Pool:** General  
**Total Number of Units:** 69, plus 1 manager unit  
**Type:** New Construction  
**Type of Units:** Family

The project involves the construction of 59 affordable residential apartment units and 13 market rate units. The 815 N Harbor Apartments will consist of 4 garden style walk up buildings with tuck under parking. Architecturally, the buildings will be designed to complement and enhance the neighborhood. Covered and open parking spaces will be provided. The property will feature a tot lot, on-site laundry facilities, community room, and leasing office. The targeted population is large families. The units will all have a dining rooms, central air, stoves dishwashers 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:** 81%

10% (7 units) restricted to 50% or less of area median income households.

71% (49 units) restricted to 60% or less of area median income households.

**Unit Mix:** 3 bedrooms

There are no service amenities.

**Term of Restrictions:**

**Income and Rent Restrictions:** 55 years

**Details of Project Financing:**

<b>Estimated Total Development Cost:</b>	\$ 24,155,523	
<b>Estimated Hard Costs per Unit:</b>	\$ 171,418	(\$11,827,821 /69 units)
<b>Estimated per Unit Cost:</b>	\$ 350,080	(\$24,155,523 /69 units)
<b>Allocation per Unit:</b>	\$ 220,086	(\$15,185,948 /69 units)
<b>Allocation per Restricted Rental Unit:</b>	\$ 271,178	(\$15,185,948 /56 restricted units)

<b>Sources of Funds:</b>	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 15,185,948	\$ 11,232,730
Subordinated Debt	\$ 1,400,000	\$ 1,400,000
Deferred Developer Fee	\$ 1,950,891	\$ 1,449,568
Developer Equity	\$ 100	\$ 100
LIH Tax Credit Equity	\$ 1,701,324	\$ 6,813,125
Other (Def. Costs: Operating Reserves)	\$ 557,800	\$ 0
Other (Deferred Costs Until Completion)	\$ 99,460	\$ 0
Direct & Indirect Public Funds	\$ 3,260,000	\$ 3,260,000
<b>Total Sources</b>	<b>\$ 24,155,523</b>	<b>\$ 24,155,523</b>

<b>Uses of Funds:</b>	
Acquisition/Land Purchase	\$ 3,856,366
On & Off Site Costs	\$ 2,478,800
Hard Construction Costs	\$ 9,349,021
Architect & Engineering Fees	\$ 1,018,504
Contractor Overhead & Profit	\$ 865,341
Local Develop. Impact Fee	\$ 1,224,840
Developer Fee	\$ 2,452,215
Cost of Issuance	\$ 151,753
Capitalized Interest	\$ 512,071
Other Soft Costs (Marketing, etc.)	\$ 2,246,612
<b>Total Uses</b>	<b>\$ 24,155,523</b>

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**Description of Financial Structure and Bond Issuance:**

Bank of America will provide the construction loan financing for the 815 N. Harbor project through a direct purchase of tax-exempt bonds issued by the California Municipal Finance Authority in the amount of \$15,185,948. The loan funds, which will be in place for approximately 24 months, will have an estimated interest rate of 2.81%. 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 total amount of \$11,232,730; a Tranche A portion in the amount of \$10,454,070 and a Tranche B portion in the amount of \$778,660. The Tranche A loan, which will amortize over 35 years, is expected to bear interest at 4.90% fixed, with a term of 18 years. The Tranche B, which is expected to bear interest at 4.90% fixed, will have a term of 15 years and amortize over the same period.

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**Analyst Comments:**

Not Applicable

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**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.

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**Total Points:** 76 out of 130  
[See Attachment A]

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**Recommendation:**

Staff recommends that the Committee approve \$15,185,948 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	21
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	10
Community Revitalization Area	15	15	0
Site Amenities	10	10	5
Service Amenities	10	10	0
New Construction	10	10	10
Sustainable Building Methods	10	10	10
Negative Points	-10	-10	0
<b>Total Points</b>	<b>130</b>	<b>100</b>	<b>76</b>

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.