

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
July 15, 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: \$1,000,000

The amount of allocation requested is supplemental to the \$6,000,000 of allocation the Project received on May 21, 2014.

Project Information:

Name: Camino Esperanza Apartments (Supplemental)
Project Address: 1384 Katherine Road South
Project City, County, Zip Code: Simi Valley, Ventura, 93063

Project Sponsor Information:

Name: To Be Determined (Cabrillo Economic Development Corporation)
Principals: Nancy Conk, Debbie de Vay, Karen Flock, Jesse Ornelas, John Matthews for Cabrillo Economic Development Corporation
Property Management Company: Cabrillo Economic Development Corporation

Project Financing Information:

Bond Counsel: Quint & Thimmig LLP
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Private Placement Purchaser: Bank of the West, NA
TEFRA Adoption Date: June 8, 2015

Description of Proposed Project:

State Ceiling Pool: General
Total Number of Units: 30, plus 1 manager unit
Type: New Construction
Type of Units: Senior Citizens/Special Needs

The vacant, undeveloped 2.61-acre site will have six single-story buildings of five one-bedroom apartments at 540 sq. ft. plus a separate building for the 820 sq. ft. two-bedroom manager's unit. Also included is a 1,324 sq. ft. community building for the tenants to gather, hold meetings and socialize using the kitchenette. Outdoor common recreation areas are provided along with private patios. 31 tenant and 8 guest parking spaces are available. Construction is scheduled to begin in July 2014, and is expected to be completed by December 2015.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
100% (30 units) restricted to 50% or less of area median income households.
Unit Mix: 1 bedroom

There are no service amenities.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$ 12,401,613	
Estimated Hard Costs per Unit:	\$ 175,231	(\$5,256,937 /30 units)
Estimated per Unit Cost:	\$ 413,387	(\$12,401,613 /30 units)
Allocation per Unit:	\$ 233,333	(\$7,000,000 /30 units)
Allocation per Restricted Rental Unit:	\$ 233,333	(\$7,000,000 /30 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 7,000,000	\$ 0
Developer Equity	\$ 100	\$ 100
Deferred Developer Fee	\$ 453,800	\$ 453,800
LIH Tax Credit Equity	\$ 632,251	\$ 4,215,014
Direct & Indirect Public Funds	\$ 3,688,078	\$ 7,218,600
Other(Deferred Costs)	\$ 627,384	\$ 514,099
Total Sources	\$ 12,401,613	\$ 12,401,613

Uses of Funds:	
Acquisition/Land Purchase	\$ 1,550,000
On & Off Site Costs	\$ 1,280,058
Hard Construction Costs	\$ 3,979,879
Development Impact Fee	\$ 120,000
Architect & Engineering Fees	\$ 635,418
Contractor Overhead & Profit	\$ 694,006
Developer Fee	\$ 1,213,400
Cost of Issuance	\$ 223,575
Legal Fees	\$ 87,500
Construction & Permanent Financing	\$ 1,533,070
Capitalized Interest	\$ 302,000
Reserves	\$ 90,885
Other Soft Costs (Third Party Reports, Furnishing, Marketing, etc.)	\$ 691,822
Total Uses	\$ 12,401,613

Description of Financial Structure and Bond Issuance:

The financial structure for the proposed project will be a private placement transaction provided by Bank of the West (the "Bank") for construction financing only. There will be no permanent tax-exempt bond debt on the project. During the construction phase, the loan term will be for 20 months with one 6-month extension option. The loan will bear interest at 1-month LIBOR plus 150 basis points reset monthly, on the first business day of each month. The bonds will be issued by the California Municipal Finance Authority.

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 \$1,000,000 in tax exempt bond allocation.