

**THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**  
**December 16, 2015**  
**Staff Report**  
**REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A**  
**QUALIFIED RESIDENTIAL RENTAL PROJECT**

*Prepared by: Devon King*

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**Applicant:** California Municipal Finance Authority

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**Allocation Amount Requested:**  
**Tax-exempt:** \$6,700,000

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**Project Information:**  
**Name:** Schillo Gardens Apartments  
**Project Address:** 2825, 2837, 2849, 2861 Los Robles Road  
**Project City, County, Zip Code:** Thousand Oaks, Ventura, 91362

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**Project Sponsor Information:**  
**Name:** To be formed (Schillo Gardens LLC)  
**Principals:** Rick Schroeder, Michael O' Connor, Jerry Petry, Susan Cass, and Gary Barnum for Schillo Gardens LLC  
**Property Management Company:** Many Mansions

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**Project Financing Information:**  
**Bond Counsel:** Quint & Thimmig LLP  
**Underwriter:** Not Applicable  
**Credit Enhancement Provider:** Not Applicable  
**Private Placement Purchaser:** U.S. Bank N.A.  
**TEFRA Adoption Date:** September 1, 2015

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**Description of Proposed Project:**  
**State Ceiling Pool:** General  
**Total Number of Units:** 28, plus 1 manager unit  
**Type:** Acquisition and Rehabilitation  
**Type of Units:** Family

Schillo Gardens is a 29-unit acquisition/rehabilitation project located Thousand Oaks, CA. The property is an irregularly shaped parcel of land containing 1.56 acres. Schillo Gardens is comprised of 7 one-bedroom apartments, 16 two-bedroom apartments and 6 three-bedroom apartments. The property will provide housing for households with incomes at or below 50% (7 units) and 60% (21 units) of the Area Median Income. One additional unit will be reserved for the on-site resident manager. Project amenities include a tot-lot, laundry room and a BBQ/picnic area. The property contains 50 parking spaces. The scope of rehabilitation includes: asphalt driveway replacement; Repair concrete sidewalk ramps for ADA access and concrete path of travel where needed; Add security cameras to parking lot; Install new solid core entry doors, door frames, thresholds, viewers and levered hardware at all units, manager's office and laundry room; Replace lightweight concrete tile roof on 100% of Building D and partial roof replacement on Building A (50%) and Building C (50%); Add flashings and drip edges; Replace gutters and downspouts; Replace wood siding, repair and paint stucco siding; Repair and re-coat balconies & stair landings; Repair balcony plaster, enlarge drainage openings on all balconies and repair existing guardrails to comply with code; Reinforce existing stairwells and covers for stair connections; Replace windows and sliders with dual paned windows; Upgrade tetherball courts into a community space; Add new flooring & paint to manager's office; Install separate electric meter to manager's office; Replace rubber surface on play area; Replace exterior entry/ balcony light fixtures with CFL; Install GCFI outlets as necessary; Replace all HVAC equipment; Install earthquake valves to gas meters; Replace 40 gallon tank water heaters; Install low-flow toilets; Replace all window coverings; Install new bathroom exhaust fans; and upgrade three units as fully accessible and two units with 'communications' features. The rehabilitation is expected to begin in March of 2016 and be completed in October of 2016.

**Description of Public Benefits:**

**Percent of Restricted Rental Units in the Project:** 100%

25% (7 units) restricted to 50% or less of area median income households.

75% (21 units) restricted to 60% or less of area median income households.

**Unit Mix:** 1, 2 & 3 bedrooms

The proposed project will not be providing service amenities.

**Term of Restrictions:**

**Income and Rent Restrictions:** 55 years

**Details of Project Financing:**

<b>Estimated Total Development Cost:</b>	\$ 10,891,103	
<b>Estimated Hard Costs per Unit:</b>	\$ 62,352	(\$1,745,869 /28 units)
<b>Estimated per Unit Cost:</b>	\$ 388,968	(\$10,891,103 /28 units)
<b>Allocation per Unit:</b>	\$ 239,286	(\$6,700,000 /28 units)
<b>Allocation per Restricted Rental Unit:</b>	\$ 239,286	(\$6,700,000 /28 restricted units)

<b>Sources of Funds:</b>	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 6,700,000	\$ 909,000
LIH Tax Credit Equity	\$ 230,959	\$ 3,849,448
Direct and Indirect Public Funds	\$ 3,423,257	\$ 6,064,057
Other (Costs Deferred Until Conversion)	\$ 536,787	\$ 0
Other(Income from Operations)	\$ 0	\$ 68,498
Developer Equity	\$ 100	\$ 100
<b>Total Sources</b>	<b>\$ 10,891,103</b>	<b>\$ 10,891,103</b>

<b>Uses of Funds:</b>	
Acquisition/Land Purchase	\$ 6,250,000
Hard Construction Costs	\$ 1,745,869
Architect & Engineering Fees	\$ 90,799
Contractor Overhead & Profit	\$ 252,278
Developer Fee	\$ 1,230,155
Legal Fees	\$ 220,000
Relocation	\$ 7,235
Cost of Issuance	\$ 18,563
Operating Reserve	\$ 80,932
Construction and Permanent Financing	\$ 380,053
Contingency Costs	\$ 405,195
Other Soft Costs (Marketing, etc.)	\$ 210,024
<b>Total Uses</b>	<b>\$ 10,891,103</b>

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

The proposed financial structure of the bond transaction will be a private placement provided U.S. Bank N.A. During the construction financing phase the loan term will be for 18 months with a variable interest rate equal to 1.75% plus one month LIBOR. During the permanent financing phase, the loan term will be for 17 years with an amortization period of 30 years at a fixed rate of 15 year muni bond index plus 175 bps or 4.25%. There was no underwritten rate provided.

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**Analyst Comments:**

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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:** 60 out of 130  
[See Attachment A]

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**Recommendation:**

Staff recommends that the Committee approve \$6,700,000 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	0
Exceeding Minimum Income Restrictions:	35	15	32.5
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	0
Leveraging	10	10	10
Community Revitalization Area	15	15	0
Site Amenities	10	10	2.5
Service Amenities	10	10	0
New Construction	10	10	0
Sustainable Building Methods	10	10	0
Negative Points	-10	-10	0
<b>Total Points</b>	<b>130</b>	<b>100</b>	<b>60</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.