

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
July 20, 2016
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Richard Fischer

Applicant: California Housing Finance Agency

Allocation Amount Requested:

Tax-exempt: \$90,000,000

Project Information:

Name: Gateway Station Apartments
Project Address: 1250 South Oxnard Boulevard
Project City, County, Zip Code: Oxnard, Ventura, 93030

Project Sponsor Information:

Name: Oxnard Pacific Associates II, a California Limited Partnership
(TPC Holdings VI, LLC and Riverside Charitable Corporation)

Principals: Caleb Roope for TPC Holdings VI, LLC; Ken Robertson, Craig Gillett, Penny LaRue, Stewart Hall, Trisha Hockings, Gregg Rogers, Denise Webster and Ronnie Ferencz for Riverside Charitable Corporation.

Property Management Company: U.S. Residential Group LLC

Project Financing Information:

Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Private Placement Purchaser: MUFG Union Bank, N.A. & California Community Reinvestment Corporation

TEFRA Noticing Date: April 23, 2016
TEFRA Adoption Date: May 11, 2016

Description of Proposed Project:

State Ceiling Pool: General
Total Number of Units: 237, plus 3 manager units
Type: New Construction
Type of Units: Family

The proposed development will be a 240-unit rental new construction apartment community. With a mix of 35 one-bedroom units (approximately 680 sq. ft.), 88 two-bedroom units (approximately 916 sq. ft.), 93 three-bedroom units (approximately 1,215 sq. ft.) and 24 four-bedroom units (approximately 1,498 sq. ft.). Within the units, tenants will enjoy standard features such as refrigerators, exhaust fans, dishwashers, disposals, and ranges with ovens. All units will feature a covered patio or balcony and provide secure storage. Fully accessible units will serve disabled individuals. Gateway Station will be water and energy efficient, provide healthy indoor air quality and will incorporate long lasting durable materials on both the interior and exterior of the project. The anticipated construction start date is October 2016 with a projected completion date of April 2018.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%

10% (24 units) restricted to 50% or less of area median income households.

90% (213 units) restricted to 60% or less of area median income households.

Unit Mix: Studio, 1, 2, 3 & 4 bedrooms

The proposed project will not be providing service amenities.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$	104,135,053	
Estimated Hard Costs per Unit:	\$	236,095	(\$55,954,535 /237 units)
Estimated per Unit Cost:	\$	439,388	(\$104,135,053 /237 units)
Allocation per Unit:	\$	379,747	(\$90,000,000 /237 units)
Allocation per Restricted Rental Unit:	\$	379,747	(\$90,000,000 /237 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds Series A	\$ 65,000,000	\$ 32,000,000
Tax-Exempt Bond Proceeds Series B	\$ 20,000,000	\$ 25,000,000
Tax-Exempt Bond Proceeds Series B	\$ 5,000,000	\$ 0
LIH Tax Credit Equity	\$ 2,541,451	\$ 41,135,053
Deferred Developer Fee	\$ 9,900,000	\$ 6,000,000
Deferred Costs	\$ 1,693,602	\$ 0
Total Sources	\$ 104,135,053	\$ 104,135,053

Uses of Funds:	
Land Cost/Acquisition	\$ 10,605,000
New Construction	\$ 63,420,515
Contractor Overhead	\$ 1,186,236
Architectural Fees	\$ 700,000
Survey and Engineering	\$ 190,000
Construction Interest and Fees	\$ 4,204,000
Permanent Financing	\$ 520,000
Legal Fees	\$ 100,000
Reserves	\$ 1,693,602
Contingency Cost	\$ 3,210,000
Local Development Impact Fees	\$ 7,200,000
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 1,205,700
Developer Costs	\$ 9,900,000
Total Uses	\$ 104,135,053

Description of Financial Structure and Bond Issuance:

This is a California Housing Finance Agency private placement bond transaction. Both MUFG Union Bank, N.A. and California Communities Reinvestment Corporation (CCRC) will be handling the Construction and Permanent financing. For the MUFG Union Bank, N.A. financing, during the construction phase the loan term will be for 30 months with a variable interest rate of 65% of the 30-day LIBOR rate plus 2.00% (with no floor), computed on a three hundred sixty (360) day year but for the actual number of days outstanding. Interest only shall be payable monthly. During the permanent financing phase, the loan term will be for 15 years with an amortization period of 35 years at a rate of 4.33%. For the CCRC financing, the construction phase the loan term will be for 30 months with a fixed interest rate of 5-8% . During the permanent financing phase, the loan term will be for 40 years with payments based on a 75% share of project's cash flow.

Analyst Comments:

None

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: 65 out of 140
[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$90,000,000 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
Preservation Project	20	20	0
Exceeding Minimum Income Restrictions:	35	15	25
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	10
Gross Rents	5	5	5
Large Family Units	5	5	5
Leveraging	10	10	0
Community Revitalization Area	5	5	0
Site Amenities	10	10	10
Service Amenities	10	10	0
New Construction or Substantial Renovation	10	10	10
Sustainable Building Methods	10	10	0
Forgone Eligible Developer Fee (Competitive Allocation Process Only)	10	10	0
Minimum Term of Restrictions (Competitive Allocation Process Only)	10	10	0
Negative Points (No Maximum)	-10	-10	0
Total Points	140	120	65

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.