

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
September 21, 2016
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Sarah Lester

Applicant: Golden State Finance Authority

Allocation Amount Requested: Tax-exempt: \$16,458,000

Project Information:

Name: Courtyard Apartments
Project Address: 4127 W. Valencia Drive
Project City, County, Zip Code: Fullerton, Orange, 92833

Project Sponsor Information:

Name: Courtyard Fullerton AR, LP (FFAH V Courtyard, LLC and HCHP Affordable Multi-Family, LLC)
Principals: Deborrah Willard for FFAH V Courtyard, LLC; Michael A. Costa, Robert W. Tetrault, Thomas E. Erickson, Judy Dossen for HCHP Affordable Multi-Family LLC
Property Management Company: Western National Property Management

Project Financing Information:

Bond Counsel: Kutak Rock LLP
Private Placement Purchaser: America First Multifamily Investors, LP
Public Sale: Not Applicable
Underwriter: Not Applicable
TEFRA Noticing Date: July 22, 2016
TEFRA Adoption Date: August 9, 2016

Description of Proposed Project:

State Ceiling Pool: General
Total Number of Units: 106, plus 2 manager units
Type: Acquisition and Rehabilitation
Type of Units: Family

The proposed project is an existing development located in the City of Fullerton, County of Orange. The development is a 108-unit, multi-family rental community originally built in 1995 that offers both townhome style and flat units and is situated on approximately 4.35 gross acreage. The wood-framed, slab-on-grade construction consists of 60 two-bedroom units, 44 three-bedroom, and 4 four-bedroom units which are restricted to low income large family households earning 35%, 45% and 60% of the area median income. The property offers 188 total parking spaces including 109 covered parking spaces. The overall parking ratio is approximately 1.74 spaces per unit. The architectural character of the development includes stucco exteriors with painted wood trim and concrete tile roofs. The community will be redeveloped in one phase. The following items are scheduled to be done as part of the rehabilitation: Replace existing central boilers with new thermal efficiency condensing boilers; Conduct AC refrigerant test and install new thermostats; Install attic insulation to achieve R49; Repair and resurface exterior balcony ply deck; Replace boiler roof jacks; Repair dryer vents; Paint exterior of all buildings/railings and metal fencing; Repair wrought iron fencing and handrails; Remove existing carports and replace with aluminum carport structures; Install photovoltaic system for common area electric; Repair, seal coat, and restripe parking lot; Mobility/communication upgrades (includes relocation costs, if any); Turf removal and irrigation modification; and Dry rot and wood rot repair and replacement. The anticipated rehabilitation is slated to begin in the first quarter of 2017 with completion slated for approximately the third quarter of 2017.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
47% (50 units) restricted to 50% or less of area median income households.
53% (56 units) restricted to 60% or less of area median income households.
Unit Mix: 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: \$ 25,226,393
Estimated Hard Costs per Unit: \$ 19,764 (\$2,095,000 /106 units)
Estimated per Unit Cost: \$ 237,985 (\$25,226,393 /108 units incl. manager units)
Allocation per Unit: \$ 155,264 (\$16,458,000 /106 units)
Allocation per Restricted Rental Unit: \$ 155,264 (\$16,458,000 /106 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 16,458,000	\$ 10,527,459
LIH Tax Credit Equity	\$ 357,321	\$ 6,654,154
Developer Note	\$ 0	\$ 2,649,626
Deferred Costs	\$ 3,015,930	\$ 0
Seller Equity	\$ 1,254,490	\$ 1,254,490
Seller Carryback Loan	\$ 3,757,186	\$ 3,757,186
Net Income From Operations	\$ 383,467	\$ 383,467
Total Sources	\$ 25,226,394	\$ 25,226,382

Uses of Funds:	
Land Cost/Acquisition	\$ 18,300,000
Rehabilitation	\$ 2,220,700
Contractor Overhead & Profit	\$ 167,600
Architectural Fees	\$ 14,000
Survey and Engineering	\$ 39,800
Construction Interest and Fees	\$ 879,103
Permanent Financing	\$ 214,211
Legal Fees	\$ 124,500
Reserves	\$ 306,304
Contingency Cost	\$ 121,035
Local Development Impact Fees	\$ 5,000
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 84,514
Developer Costs	\$ 2,749,626
Total Uses	\$ 25,226,393

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:

55 out of 140

[See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$16,458,000 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
Preservation Project	20	20	0
Exceeding Minimum Income Restrictions:	35	15	35
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	0
Service Amenities	10	10	0
New Construction or Substantial Renovation	10	10	0
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	55

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.