

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
November 16, 2016
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Sarah Lester

Applicant: California Statewide Communities Development Authority

Allocation Amount Requested:
Tax-exempt: \$16,300,000

Project Information:
Name: Casa Ramon Apartments
Project Address: 840 West Walnut Avenue
Project City, County, Zip Code: Orange, Orange, 92868

Project Sponsor Information:
Name: 840 W Walnut, LP (OHDC Casa Ramon, LLC and C&C Casa Ramon, LLC)
Principals: Eunice Bobert for OHDC Casa Ramon, LLC ; and Todd R. Cottle (Cottle Family Trust) for C&C Casa Ramon, LLC
Property Management Company: John Stewart Company

Project Financing Information:
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Private Placement Purchaser: Not Applicable
Public Sale: Cash-Collateralized A-Rated or Higher
Underwriter: RBC Capital Markets
Rating: AA+ Standard & Poors
TEFRA Noticing Date: August 24, 2016
TEFRA Adoption Date: September 13, 2016

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 74, plus 1 manager unit
Type: Acquisition and Rehabilitation
Type of Units: Family

The proposed project is an existing 75 affordable unit development located in the City of Orange and includes five two-story apartment buildings, together with a leasing office and a tot lot. The unit configuration consists of 26 one-bedroom units, 41 two-bedroom units and 8 three-bedroom units. The scope of rehabilitation will include new wall heaters, air conditioners, toilets, bathroom and kitchen faucets, cabinets, LED lighting, flooring and paint. The units will be rehabilitated to improve energy efficiency by at least 10% above the modeled energy consumption of the buildings based on existing conditions. Exterior improvements will include new cool roof, new hot water heaters, LED lighting, new playground equipment, landscaping and irrigation. Rehabilitation is expected to start January 2017 and be completed September 2017.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%

65% (48 units) restricted to 50% or less of area median income households.

35% (26 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:

Estimated Total Development Cost:	\$ 30,261,442	
Estimated Hard Costs per Unit:	\$ 25,110	(\$1,858,156 /74 units)
Estimated per Unit Cost:	\$ 403,486	(\$30,261,442 /75 units including mgr. units)
Allocation per Unit:	\$ 220,270	(\$16,300,000 /74 units)
Allocation per Restricted Rental Unit:	\$ 220,270	(\$16,300,000 /74 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 16,300,000	\$ 0
Capital Contributions (GP Equity)	\$ 1,459,789	\$ 1,459,789
Seller Carryback Loan	\$ 3,565,896	\$ 3,565,896
Taxable Bond Proceeds	\$ 0	\$ 16,300,000
LIH Tax Credit Equity	\$ 8,455,897	\$ 8,455,897
Deferred Developer Fee	\$ 81,500	\$ 0
Developer Contribution	\$ 0	\$ 81,500
Reserves Transfer	\$ 398,360	\$ 398,360
Total Sources	\$ 30,261,442	\$ 30,261,442
Uses of Funds:		
Land Cost/Acquisition	\$ 22,230,000	
Rehabilitation	\$ 1,923,184	
Relocation	\$ 460,000	
Contractor Overhead & Profit	\$ 201,934	
Architectural Fees	\$ 125,000	
Construction Interest and Fees	\$ 467,959	
Permanent Financing	\$ 380,363	
Legal Fees	\$ 80,000	
Reserves	\$ 713,200	
Appraisal	\$ 15,000	
Contingency Cost	\$ 194,420	
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 970,382	
Developer Costs	\$ 2,500,000	
Total Uses	\$ 30,261,442	

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: 70 out of 140

[See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$16,300,000 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	20
Exceeding Minimum Income Restrictions:	35	15	35
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	0
Gross Rents	5	5	5
Large Family Units	5	5	0
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	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	110	70

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.