

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
December 14, 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: \$13,000,000

Project Information:
Name: Cypress Villa Apartments
Project Address: 900 N Cypress
Project City, County, Zip Code: La Habra, Orange, 90631

Project Sponsor Information:
Name: Cypress Villa 2016 LP (AHA Orange MGP, LLC and Cypress Villa Holdings LLC)
Principals: Jonathan B. Webb and William W. Hirsch for AHA Orange MGP, LLC; Paul F. Fruchbom and Mark Hyatt for Cypress Villa Holdings LLC
Property Management Company: VPM Management, Inc.

Project Financing Information:
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Private Placement Purchaser: Citibank, N.A.
Public Sale: Not Applicable
Underwriter: Not Applicable
TEFRA Noticing Date: July 14, 2016
TEFRA Adoption Date: August 1, 2016

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 71, plus 1 manager unit
Type: Acquisition and Rehabilitation
Type of Units: Family

The proposed project is an existing 72-unit LIHTC multifamily development constructed in 1971 and renovated/converted into a LIHTC property in 2000. It consists of three two-story garden-style residential buildings. The project offers 20 one-bedroom units and 52 two-bedroom units. All restricted to households with incomes no greater than 60% of the Area Median Income. There are 128 parking spaces. The scope of rehabilitation will include, but not limited to Exterior: painting, carpentry, roof repairs, carport repairs, double pane retrofit vinyl window and sliding doors, replacement of unit doors, balcony deck repair, asphalt repair and seal coat, rehabilitation of laundry room, updated signage, new pool area tables and benches, etc.; Interior: replacement of carpet and vinyl, window coverings, appliances, heating/AC, water heater, tub/shower, painting, cleaning, drywall repair, and plumbing and electric hardware. Renovation is expected to begin November 1, 2016 and be completed by October, 2017.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
11% (8 units) restricted to 50% or less of area median income households.
89% (63 units) restricted to 60% or less of area median income households.
Unit Mix: 1 & 2 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: \$ 19,229,951
Estimated Hard Costs per Unit: \$ 31,443 (\$2,232,483 /71 units)
Estimated per Unit Cost: \$ 267,083 (\$19,229,951 /72 units including mgr. units)
Allocation per Unit: \$ 183,099 (\$13,000,000 /71 units)
Allocation per Restricted Rental Unit: \$ 183,099 (\$13,000,000 /71 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 13,000,000	\$ 8,780,000
Cash Flow	\$ 957,345	\$ 957,345
LIH Tax Credit Equity	\$ 1,105,106	\$ 5,643,093
Deferred Developer Fee	\$ 0	\$ 1,849,513
Seller Carryback Loan	\$ 2,000,000	\$ 2,000,000
Total Sources	\$ 17,062,451	\$ 19,229,951

Uses of Funds:	
Land Cost/Acquisition	\$ 12,850,000
Rehabilitation	\$ 2,184,018
Contractor Overhead & Profit	\$ 212,085
Architectural Fees	\$ 35,800
Construction Interest and Fees	\$ 932,750
Permanent Financing	\$ 288,923
Legal Fees	\$ 65,000
Reserves	\$ 230,622
Contingency Cost	\$ 148,928
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 299,825
Developer Costs	\$ 1,982,000
Total Uses	\$ 19,229,951

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: 58.5 out of 140
[See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$13,000,000 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	10
Exceeding Minimum Income Restrictions:	35	15	26
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	7.5
Service Amenities	10	10	10
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	58.5

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.