

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: Richard Fischer

Applicant: Housing Authority of the City of Anaheim

Allocation Amount Requested: Tax-exempt: \$9,800,000

Project Information:

Name: Cobblestone Apartments
Project Address: 870 South Beach
Project City, County, Zip Code: Anaheim, Orange, 92804

Project Sponsor Information:

Name: Cobblestone 2016 LP (AHA Orange MGP, LLC & Cobblestone Holdings, LLC)
Principals: Jonathan B. Webb and William W. Hirsch for AHA Orange MGP, LLC; Paul F. Fruchbom as Trustee of Fruchbom Trust and Mark Hyatt for Cobblestone Holdings, LLC
Property Management Company: VPM Management, Inc.

Project Financing Information:

Bond Counsel: Stradling, Yocca, Carlson & Rauth
Private Placement Purchaser: Citibank, N.A.
Public Sale: Not Applicable
Underwriter: Not Applicable
TEFRA Noticing Date: July 21, 2016
TEFRA Adoption Date: August 9, 2016

Description of Proposed Project:

State Ceiling Pool: General
Total Number of Units: 63, plus 1 manager unit
Type: Acquisition and Rehabilitation
Type of Units: Family

The Subject is an existing 64-unit LIHTC multifamily development constructed in 1979 and renovated/converted into a LIHTC property in 2000 that consists of five two-story garden-style residential buildings. The Subject offers 56 one-bedroom units and eight two-bedroom units. The Subject currently exhibits average overall condition. The development is located at 870-902 South Beach Boulevard, Anaheim, Orange County, California 92804. The unit mix includes 56 one-bedroom units and 8 two-bedroom units. Units will have balcony/patio, blinds, carpeting, central heating and air conditioning, coat closets, additional storage, ceiling fans, fireplaces, and walk-in closets. Appliances include oven/ranges, dishwashers, garbage disposals, and refrigerators. The Subject common area amenities include off street surface and covered parking (carports), clubhouse/community room, Jacuzzi and swimming pool, picnic area, central laundry facility, and onsite management. Security features at the property include courtesy patrol. There are 85 total parking spaces. 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%
21% (13 units) restricted to 50% or less of area median income households.
79% (50 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: \$ 14,010,172
Estimated Hard Costs per Unit: \$ 24,943 (\$1,571,438 /63 units)
Estimated per Unit Cost: \$ 218,909 (\$14,010,172 /64 units including mgr. units)
Allocation per Unit: \$ 155,556 (\$9,800,000 /63 units)
Allocation per Restricted Rental Unit: \$ 155,556 (\$9,800,000 /63 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 9,800,000	\$ 6,310,000
LIH Tax Credit Equity	\$ 1,523,121	\$ 4,366,287
Deferred Developer Fee	\$ 0	\$ 1,354,200
General Partner Equity	\$ 0	\$ 29,113
Seller Carryback Loan	\$ 1,550,000	\$ 1,550,000
Net Income From Operations	\$ 402,692	\$ 608,212
Total Sources	<u>\$ 13,275,813</u>	<u>\$ 14,217,812</u>

Uses of Funds:	
Land Cost/Acquisition	\$ 9,280,000
Rehabilitation	\$ 1,720,023
Contractor Overhead & Profit	\$ 156,346
Architectural Fees	\$ 10,800
Construction Interest and Fees	\$ 673,260
Permanent Financing	\$ 228,020
Legal Fees	\$ 65,000
Reserves	\$ 178,090
Contingency	\$ 115,216
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 297,057
Developer Costs	\$ 1,494,000
Total Uses	<u>\$ 14,217,812</u>

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: 47.8 out of 140

[See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$9,800,000 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	30
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	2.8
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	120	47.8

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.