

**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: Louise Eller*

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**Applicant:** California Public Finance Authority

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**Allocation Amount Requested:**  
**Tax-exempt:** \$14,910,000

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**Project Information:**  
**Name:** Sycamore Court Apartments  
**Project Address:** 10632 Bolsa Avenue  
**Project City, County, Zip Code:** Garden Grove, Orange, 92843

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**Project Sponsor Information:**  
**Name:** 10632 Bolsa Avenue, L.P. (SC-MCO, LLC and AOF Sycamore, LLC)  
**Principals:** Ray Nayar for SC-MCO, LLC and Rudy Mariman and Shawn Boyd for AOF Sycamore, LLC  
**Property Management Company:** QRM

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**Project Financing Information:**  
**Bond Counsel:** Orrick, Herrington & Sutcliffe LLP  
**Private Placement Purchaser:** JLL Capital Markets  
**Public Sale:** Not Applicable  
**Underwriter:** Not Applicable  
**TEFRA Noticing Date:** May 6, 2016  
**TEFRA Adoption Date:** May 24, 2016

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**Description of Proposed Project:**  
**State Ceiling Pool:** General  
**Total Number of Units:** 77, plus 1 manager unit  
**Type:** Acquisition and Rehabilitation  
**Type of Units:** Family

Sycamore Court is an existing project located in Garden Grove. The project has 20 one-bedroom units, 42 two-bedroom units and 15 three-bedroom units. The project consists of 6 two-story garden style buildings with central courtyards. During the construction, the following items will be installed on the property: new appliances, new recessed panel interior doors with hardware, knobs and handles, HVAC upgrades, new dual windows, drywall repairs, electrical upgrades, new smoke and carbon monoxide detectors, new closet doors and shelving, new flooring, exterior wood and fascia repair and replacements, pest control treatment, security lighting will be installed, the parking areas will be repaired and the interior concrete walk-way will be replaced as needed. In addition, upgrades will be made to the kitchens, bathrooms and landscaping.

**Description of Public Benefits:**

**Percent of Restricted Rental Units in the Project:** 100%  
10% (8 units) restricted to 50% or less of area median income households.  
90% (69 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:**

|   |    |            |   |
|---|----|------------|---|
| <b>Estimated Total Development Cost:</b>      | \$ | 22,769,002 |   |
| <b>Estimated Hard Costs per Unit:</b>         | \$ | 42,857     | (\$3,300,000 /77 units)                       |
| <b>Estimated per Unit Cost:</b>               | \$ | 291,910    | (\$22,769,002 /78 units including mgr. units) |
| <b>Allocation per Unit:</b>                   | \$ | 193,636    | (\$14,910,000 /77 units)                      |
| <b>Allocation per Restricted Rental Unit:</b> | \$ | 193,636    | (\$14,910,000 /77 restricted units)           |

| <b>Sources of Funds:</b>   | <u>Construction</u>  | <u>Permanent</u>     |
|----------------------------|----------------------|----------------------|
| Tax-Exempt Bond Proceeds   | \$ 14,910,000        | \$ 14,910,000        |
| Taxable Subordinate Debt   | \$ 1,200,000         | \$ 1,200,000         |
| LIH Tax Credit Equity      | \$ 4,259,883         | \$ 6,553,667         |
| Deferred Developer Fee     | \$ 2,307,576         | \$ 13,792            |
| Net Income From Operations | \$ 91,543            | \$ 91,543            |
| <b>Total Sources</b>       | <b>\$ 22,769,002</b> | <b>\$ 22,769,002</b> |

| <b>Uses of Funds:</b>                             |                      |
|---|----------------------|
| Land Cost/Acquisition                             | \$ 13,200,000        |
| Rehabilitation                                    | \$ 3,881,025         |
| Relocation  | \$ 234,000           |
| Contractor Overhead & Profit                      | \$ 264,000           |
| Architectural Fees                                | \$ 100,000           |
| Survey and Engineering                            | \$ 50,000            |
| Construction Interest and Fees                    | \$ 1,317,981         |
| Permanent Financing                               | \$ 10,000            |
| Legal Fees  | \$ 170,000           |
| Reserves  | \$ 287,625           |
| Appraisal   | \$ 10,000            |
| Contingency Cost                                  | \$ 300,000           |
| Other Project Costs (Soft Costs, Marketing, etc.) | \$ 499,213           |
| Developer Costs                                   | \$ 2,445,158         |
| <b>Total Uses</b>                                 | <b>\$ 22,769,002</b> |

**Analyst Comments:**

None

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**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.

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**Total Points:** 60 out of 140  
[See Attachment A]

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**Recommendation:**

Staff recommends that the Committee approves \$14,910,000 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   | 10            |
| Exceeding Minimum Income Restrictions:   | 35   | 15   | 25            |
| Exceeding Minimum Rent Restrictions<br>[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   | 5             |
| Service Amenities  | 10   | 10   | 0             |
| New Construction or Substantial Renovation   | 10   | 10   | 10            |
| Sustainable Building Methods   | 10   | 10   | 5             |
| Forgone Eligible Developer Fee<br>(Competitive Allocation Process Only)                              | 10   | 10   | 0             |
| Minimum Term of Restrictions<br>(Competitive Allocation Process Only)                                | 10   | 10   | 0             |
| Negative Points (No Maximum)   | -10  | -10  | 0             |
| <b>Total Points</b>  | <b>140</b>   | <b>110</b>                                       | <b>60</b>     |

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.