

**THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**  
**March 15, 2017**  
**Staff Report**  
**REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A**  
**QUALIFIED RESIDENTIAL RENTAL PROJECT**

*Prepared by: Ruben Barcelo*

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| <b>Applicant:</b> | <b>California Statewide Communities Development Authority</b> |
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| <b>Allocation Amount Requested:</b> | <b>Tax-exempt:</b> | <b>\$4,700,000</b> |
|-------------------------------------|--------------------|--------------------|

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|-----------------------------|----------------------------------------|-------------------------------------------|
| <b>Project Information:</b> | <b>Name:</b>                           | <b>Camellia Place II (scattered site)</b> |
|                             | <b>Project Address:</b>                | 1329 Chattahoochee Lane                   |
|                             | <b>Project City, County, Zip Code:</b> | Bakersfield, Kern, 93307                  |

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| <b>Project Sponsor Information:</b> | <b>Name:</b>                        | Camellia Place 2, L.P. (Corporation for Better Housing; and Integrated Community Development)                                  |
|                                     | <b>Principals:</b>                  | Lori Koester for Corporation for Better Housing; and Benjamin Lingo and Charles Brumbaugh for Integrated Community Development |
|                                     | <b>Property Management Company:</b> | Domus Management Company                                                                                                       |

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|---------------------------------------|-------------------------------------|------------------------------------|
| <b>Project Financing Information:</b> | <b>Bond Counsel:</b>                | Orrick, Herrington & Sutcliffe LLP |
|                                       | <b>Private Placement Purchaser:</b> | Pacific Western Bank               |
|                                       | <b>Cash Flow Permanent Bond:</b>    | Not Applicable                     |
|                                       | <b>Public Sale:</b>                 | Not Applicable                     |
|                                       | <b>Underwriter:</b>                 | Not Applicable                     |
|                                       | <b>Credit Enhancement Provider:</b> | Not Applicable                     |
|                                       | <b>TEFRA Noticing Date:</b>         | January 23, 2017                   |
|                                       | <b>TEFRA Adoption Date:</b>         | February 7, 2017                   |

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|-----------------------------------------|-------------------------------|------------------|
| <b>Description of Proposed Project:</b> | <b>State Ceiling Pool:</b>    | General          |
|                                         | <b>Total Number of Units:</b> | 16               |
|                                         | <b>Manager's Units:</b>       | 1 Unrestricted   |
|                                         | <b>Type:</b>                  | New Construction |
|                                         | <b>Population Served:</b>     | Family           |

Camellia Place II is a scattered site new construction project located in Bakersfield consisting of two land sites with a combined area of 2.5 acres. The project consists of 15 single family rental homes, 4 of which will be three-bedroom units and 11 will be four-bedroom units. An additional three-bedroom home will be built to serve as a manager's unit. Planned common amenities include a large community room with kitchen, computer room with high-speed Internet access, barbeque area, playground and a tot-lot. Each unit will feature a refrigerator, range/oven, dishwasher, garbage disposal, granite counters, carpeting, central heating and A/C, Internet cable and a private two-car garage. Construction is expected to begin in June 2017 and to be completed in June 2018.

**Description of Public Benefits:**

**Percent of Restricted Rental Units in the Project:** 94%  
19% (3 units) restricted to 50% or less of area median income households.  
75% (12 units) restricted to 60% or less of area median income households.  
**Unit Mix:** 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:**

|                                               |              |                                              |
|-----------------------------------------------|--------------|----------------------------------------------|
| <b>Estimated Total Development Cost:</b>      | \$ 5,974,178 |                                              |
| <b>Estimated Hard Costs per Unit:</b>         | \$ 193,748   | (\$2,906,213 /15 units)                      |
| <b>Estimated per Unit Cost:</b>               | \$ 373,386   | (\$5,974,178 /16 units including mgr. units) |
| <b>Allocation per Unit:</b>                   | \$ 313,333   | (\$4,700,000 /15 units)                      |
| <b>Allocation per Restricted Rental Unit:</b> | \$ 313,333   | (\$4,700,000 /15 restricted units)           |

**Sources of Funds:**

|                          | Construction        | Permanent           |
|--------------------------|---------------------|---------------------|
| Tax-Exempt Bond Proceeds | \$ 4,700,000        | \$ 599,000          |
| LIH Tax Credit Equity    | \$ 457,840          | \$ 1,808,083        |
| Deferred Developer Fee   | \$ 0                | \$ 86,311           |
| Seller Carryback Loan    | \$ 430,000          | \$ 430,000          |
| HOME Funds               | \$ 0                | \$ 3,050,784        |
| <b>Total Sources</b>     | <b>\$ 5,587,840</b> | <b>\$ 5,974,178</b> |

**Uses of Funds:**

|                                                   |                     |
|---------------------------------------------------|---------------------|
| Land Cost/Acquisition                             | \$ 430,000          |
| New Construction                                  | \$ 3,109,648        |
| Contractor Overhead & Profit                      | \$ 203,434          |
| Architectural Fees                                | \$ 25,000           |
| Survey and Engineering                            | \$ 60,000           |
| Construction Interest and Fees                    | \$ 393,210          |
| Permanent Financing                               | \$ 10,000           |
| Legal Fees                                        | \$ 106,850          |
| Reserves                                          | \$ 34,595           |
| Appraisal                                         | \$ 10,000           |
| Hard Cost Contingency                             | \$ 165,655          |
| Local Development Impact Fees                     | \$ 277,568          |
| Other Project Costs (Soft Costs, Marketing, etc.) | \$ 276,839          |
| Soft Cost Contingency                             | \$ 200,750          |
| Developer Costs                                   | \$ 670,629          |
| <b>Total Uses</b>                                 | <b>\$ 5,974,178</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:**

70.1 out of 140 [See Attachment A]

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**Recommendation:**

Staff recommends that the Committee approves \$4,700,000 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 | Points Scored |
|------------------------------------------------------------------------------------------------------|------------------------------------------------------|-----------------------------------------|---------------|
| Preservation Project                                                                                 | 20                                                   | 20                                      | 0             |
| Exceeding Minimum Income Restrictions:                                                               | 35                                                   | 15                                      | 30            |
| Exceeding Minimum Rent Restrictions<br>[Allowed if 10 pts not awarded above in Preservation Project] | [10]                                                 | [10]                                    | 5.1           |
| Gross Rents                                                                                          | 5                                                    | 5                                       | 5             |
| Large Family Units                                                                                   | 5                                                    | 5                                       | 5             |
| Leveraging                                                                                           | 10                                                   | 10                                      | 10            |
| 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                                      | 0             |
| Forgone Eligible Developer Fee (Competitive Allocation Process Only)                                 | 10                                                   | 10                                      | N/A           |
| Minimum Term of Restrictions (Competitive Allocation Process Only)                                   | 10                                                   | 10                                      | N/A           |
| Negative Points (No Maximum)                                                                         | -10                                                  | -10                                     | 0             |
| <b>Total Points</b>                                                                                  | <b>140</b>                                           | <b>120</b>                              | <b>70.1</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.