

**THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**  
**May 17, 2017**  
**Staff Report**  
**REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A**  
**QUALIFIED RESIDENTIAL RENTAL PROJECT**

*Prepared by: Ruben Barcelo*

---

**Applicant:** California Housing Finance Agency

---

**Allocation Amount Requested:**  
**Tax-exempt:** \$43,000,000

---

**Project Information:**  
**Name:** Verdes Del Oriente Apartments  
**Project Address:** 360 West 3rd Street  
**Project City, County, Zip Code:** San Pedro, Los Angeles, 90731

---

**Project Sponsor Information:**  
**Name:** OAHS Verdes del Oriente LP (OAHS Verdes Del Oriente GP LLC; and Pacific Housing Fairwood Holdings LLC)  
**Principals:** Jay Reinhard, Efram Friedman, Meyer Orbach, Lea Orbach, Eve Orbach, Boaz Orbach and Ezekiel Orbach for OAHS Verdes del Oriente GP, LLC; and Mark A. Wiese, Mat Eland and Scott Sadler for Pacific Housing Fairwood Holdings, LLC  
**Property Management Company:** Orbach Affordable Management LLC

---

**Project Financing Information:**  
**Bond Counsel:** Orrick, Herrington & Sutcliffe LLP  
**Private Placement Purchaser:** R4 Capital Funding LLC  
**Cash Flow Permanent Bond:** Not Applicable  
**Public Sale:** Not Applicable  
**Underwriter:** Not Applicable  
**Credit Enhancement Provider:** Not Applicable  
**Rating:** Not Applicable  
**TEFRA Noticing Date:** March 10, 2017  
**TEFRA Adoption Date:** April 6, 2017

---

**Description of Proposed Project:**  
**State Ceiling Pool:** General  
**Total Number of Units:** 113  
**Manager's Units:** 1 Unrestricted  
**Type:** Acquisition and Rehabilitation  
**Population Served:** Family

Verdes Del Oriente Apartments is an existing project located in San Pedro on a 7.42-acre site. The project consists of 112 rental units and 1 unrestricted manager's unit. The project will offer 8 one-bedroom units, 35 two-bedroom units, 54 three-bedroom units and 16 four-bedroom units. Building exterior renovations will include roof replacement, window replacement, deck repair and stucco/siding repair. Interior renovations will include upgrades to the community room, manager's unit and laundry room. Individual apartment units will be updated with new kitchen appliances, new kitchen countertops and cabinets, new bathroom sinks, vanities and plumbing fixtures, new HVAC units and hot water heaters, new lighting and upgraded electrical panels, and new doors and flooring. Lastly, common or site area renovations will consist of installing WiFi equipment throughout the project, upgrades to gas meter valves, repairs to walkways, curbs and ramps, repairing and seal coating parking lots, leveling sewer drains, landscaping, fence replacement, and replacing a canopy and signage. Renovations are expected to begin in June 2017 and to be completed in May 2018.

**Description of Public Benefits:**

**Percent of Restricted Rental Units in the Project:** 100%  
36% (41 units) restricted to 50% or less of area median income households.  
63% (71 units) restricted to 60% or less of area median income households.  
**Unit Mix:** 1, 2, 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>	\$ 56,092,510	
<b>Estimated Hard Costs per Unit:</b>	\$ 65,770	(\$7,432,022 /113 units including mgr. units)
<b>Estimated per Unit Cost:</b>	\$ 496,394	(\$56,092,510 /113 units including mgr. units)
<b>Allocation per Unit:</b>	\$ 380,531	(\$43,000,000 /113 units including mgr. units)
<b>Allocation per Restricted Rental Unit:</b>	\$ 383,929	(\$43,000,000 /112 restricted units)

<b>Sources of Funds:</b>	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 43,000,000	\$ 33,800,000
LIH Tax Credit Equity	\$ 5,401,238	\$ 16,878,868
Deferred Developer Fee	\$ 7,103,784	\$ 4,826,154
Net Income From Operations	\$ 587,488	\$ 587,488
<b>Total Sources</b>	<b>\$ 56,092,510</b>	<b>\$ 56,092,510</b>

<b>Uses of Funds:</b>	
Land Cost/Acquisition	\$ 36,800,000
Rehabilitation	\$ 7,877,943
Relocation	\$ 100,000
Contractor Overhead & Profit	\$ 594,561
Architectural Fees	\$ 135,000
Survey and Engineering	\$ 30,000
Construction Interest and Fees	\$ 818,192
Permanent Financing	\$ 493,000
Legal Fees	\$ 440,000
Reserves	\$ 760,302
Appraisal	\$ 12,500
Hard Cost Contingency	\$ 1,027,660
Other Project Soft Costs	\$ 331,200
Developer Costs	\$ 6,672,152
<b>Total Uses</b>	<b>\$ 56,092,510</b>

**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:**

75 out of 140

[See Attachment A]

---

**Recommendation:**

Staff recommends that the Committee approves \$43,000,000 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	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	5
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	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>110</b>	<b>75</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.