

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

*Prepared by: Richard Fischer*

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|-------------------|---|
| <b>Applicant:</b> | <b>California Statewide Communities Development Authority</b> |
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**Allocation Amount Requested:**

**Tax-exempt:** \$16,000,000

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**Project Information:**

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|--|--|
| <b>Name:</b>                           | <b>Mission Trail Apartments</b>  |
| <b>Project Address:</b>                | 5.37 acres on Mission Trail approx. 500ft south of Hidden Trail / Elberta Road |
| <b>Project City, County, Zip Code:</b> | Lake Elsinore, Riverside, 92530  |

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**Project Sponsor Information:**

|                                     |  |
|-------------------------------------|--|
| <b>Name:</b>                        | Mission Trail LE, LP (OHDC Lake Elsinore, LLC and Lake Elsinore CCR, LLC)  |
| <b>Principals:</b>                  | Eunice Bobert for OHDC Lake Elsinore, LLC & Todd Cottle, Cottle Family Trust (Todd Cottle member) and Sean Rawson for Lake Elsinore CCR, LLC |
| <b>Property Management Company:</b> | Advanced Property Services, L.L.C.   |

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**Project Financing Information:**

|                                     |   |
|-------------------------------------|---|
| <b>Bond Counsel:</b>                | Orrick, Herrington & Sutcliffe LLP        |
| <b>Private Placement Purchaser:</b> | Bank of America, N.A. (construction only) |
| <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>Rating:</b>                      | Not Applicable                            |
| <b>TEFRA Noticing Date:</b>         | May 30, 2017                              |
| <b>TEFRA Adoption Date:</b>         | June 27, 2017                             |

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**Description of Proposed Project:**

|                               |                  |
|-------------------------------|------------------|
| <b>State Ceiling Pool:</b>    | General          |
| <b>Total Number of Units:</b> | 81               |
| <b>Manager's Units:</b>       | 1 Unrestricted   |
| <b>Type:</b>                  | New Construction |
| <b>Population Served:</b>     | Family           |

Mission Trail Apartments is a new construction project located in Lake Elsinore on a 5.37-acre site. The project consists of 80 restricted rental units and 1 unrestricted manager unit. The project will have 9 two-bedroom units and 72 three-bedroom units. The buildings will be 2 and 3 story wood framed construction. Common amenities include a community room, laundry facilities, and management offices. Each unit will have a refrigerator, range/oven and central air. There are 189 parking spaces provided. The construction is expected to begin February 2018 and completed in August 2019.

**Description of Public Benefits:**

**Percent of Restricted Rental Units in the Project:** 100%

26% (21 units) restricted to 50% or less of area median income households.

74% (59 units) restricted to 60% or less of area median income households.

**Unit Mix:** 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>      | \$ 27,824,011 |   |
| <b>Estimated Hard Costs per Unit:</b>         | \$ 121,281    | (\$12,808,334 /81 units including mgr. units) |
| <b>Estimated per Unit Cost:</b>               | \$ 343,506    | (\$27,824,011 /81 units including mgr. units) |
| <b>Allocation per Unit:</b>                   | \$ 197,531    | (\$16,000,000 /81 units including mgr. units) |
| <b>Allocation per Restricted Rental Unit:</b> | \$ 200,000    | (\$16,000,000 /80 restricted units)           |

| <b>Sources of Funds:</b>                          | Construction         | Permanent            |
|---|----------------------|----------------------|
| Tax-Exempt Bond Proceeds                          | \$ 16,000,000        | \$ 0                 |
| Taxable Bond Proceeds                             | \$ 0                 | \$ 4,811,410         |
| LIH Tax Credit Equity                             | \$ 788,791           | \$ 9,507,907         |
| Developer Equity                                  | \$ 100               | \$ 753,266           |
| Deferred Developer Fee                            | \$ 2,039,487         | \$ 657,950           |
| Deferred Costs                                    | \$ 317,750           | \$ 0                 |
| Column Financial Sub. Loan                        | \$ 1,878,228         | \$ 1,878,228         |
| City of Lake Elsinore                             | \$ 6,799,655         | \$ 10,215,250        |
| <b>Total Sources</b>                              | <b>\$ 27,824,011</b> | <b>\$ 27,824,011</b> |
| <b>Uses of Funds:</b>                             |                      |                      |
| Land Cost/Acquisition                             | \$ 2,035,000         |                      |
| New Construction                                  | \$ 13,376,626        |                      |
| Contractor Overhead & Profit                      | \$ 1,391,946         |                      |
| Architectural Fees                                | \$ 658,298           |                      |
| Survey and Engineering                            | \$ 355,000           |                      |
| Construction Interest and Fees                    | \$ 1,450,082         |                      |
| Permanent Financing                               | \$ 128,114           |                      |
| Legal Fees  | \$ 135,000           |                      |
| Reserves  | \$ 264,950           |                      |
| Appraisal   | \$ 15,000            |                      |
| Hard Cost Contingency                             | \$ 1,159,886         |                      |
| Local Development Impact Fees                     | \$ 2,195,559         |                      |
| Other Project Costs (Soft Costs, Marketing, etc.) | \$ 968,343           |                      |
| Permit Processing                                 | \$ 436,941           |                      |
| Developer Costs                                   | \$ 3,253,266         |                      |
| <b>Total Uses</b>                                 | <b>\$ 27,824,011</b> |                      |

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**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:**

78 out of 140 [See Attachment A]

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**Recommendation:**

Staff recommends that the Committee approves \$16,000,000 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   | 0             |
| Exceeding Minimum Income Restrictions:   | 35   | 15   | 33            |
| Exceeding Minimum Rent Restrictions<br>[Allowed if 10 pts not awarded above in Preservation Project] | [10]   | [10]   | 10            |
| 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<br>(Competitive Allocation Process Only)                              | 10   | 10   | N/A           |
| Minimum Term of Restrictions<br>(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>78</b>     |