

**THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**  
**March 21, 2018**  
**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 Municipal Finance Authority

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**Allocation Amount Requested:**

**Tax-exempt:** \$123,000,000

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**Project Information:**

**Name:** First Point Apartments I  
**Project Address:** 2114 East First Street  
**Project City, County, Zip Code:** Santa Ana, Orange, 92705

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**Project Sponsor Information:**

**Name:** Santa Ana Pacific Associates, a California L.P. (TPC Holdings V, LLC and TELACU Homes, Inc.)  
**Principals:** Caleb Roope for TPC Holdings V, LLC; John Clem and Tom Provencio for TELACU Homes, Inc.  
**Property Management Company:** Barker Management, Inc.

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**Project Financing Information:**

**Bond Counsel:** Orrick, Herrington & Sutcliffe LLP  
**Private Placement Purchaser:** Citibank, N.A./Bonneville Affordable Housing Capital, LLC  
**Cash Flow Permanent Bond:** Applicable\*  
**Public Sale:** Not Applicable  
**Underwriter:** Not Applicable  
**Credit Enhancement Provider:** Not Applicable  
**Rating:** Not Applicable  
**TEFRA Noticing Date:** December 4, 2017  
**TEFRA Adoption Date:** December 19, 2017

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\*A portion of the bonds will be subject to cash flow repayment, but because the project was submitted prior to January 1, 2017, it is exempt from the cash flow requirements noted in the CDLAC Regulations Section 5062(b).

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**Description of Proposed Project:**

**State Ceiling Pool:** General  
**Total Number of Units:** 346  
**Manager's Units:** 3 Unrestricted  
**Type:** New Construction  
**Population Served:** Family

First Point Apartments is a new construction project located in Santa Ana on a 3.98-acre site. The project consists of 343 restricted rental units and 3 unrestricted managers' units. The project will have 26 one-bedroom units, 160 two-bedroom units, 84 three-bedroom units and 76 four-bedroom units. The building will be a six story, wood frame structure supported by perimeter foundations with concrete slab flooring on top of a parking podium. Common amenities include community gathering areas, community rooms, a playground, exercise room, computer room and community laundry facilities. Each unit will have a refrigerator, dishwasher, garbage disposal, range with an oven and covered patio or balcony. The construction is expected to begin June 2018 and be completed in December 2020.

**Description of Public Benefits:**

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

10% (35 units) restricted to 50% or less of area median income households.

90% (308 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>	\$	152,201,036	
<b>Estimated Hard Costs per Unit:</b>	\$	273,800	(\$94,734,868 /346 units including mgr. units)
<b>Estimated per Unit Cost:</b>	\$	439,887	(\$152,201,036 /346 units including mgr. units)
<b>Allocation per Unit:</b>	\$	355,491	(\$123,000,000 /346 units including mgr. units)
<b>Allocation per Restricted Rental Unit:</b>	\$	358,601	(\$123,000,000 /343 restricted units)

**Sources of Funds:**

		Construction	Permanent
Tax-Exempt Bond Proceeds	\$	87,000,000	\$ 46,000,000
Cash Flow Permanent Bonds	\$	36,000,000	\$ 36,000,000
LIH Tax Credit Equity	\$	12,426,536	\$ 61,631,036
Deferred Developer Fee	\$	13,500,000	\$ 8,570,000
Deferred Costs	\$	3,274,500	\$ 0
<b>Total Sources</b>	<b>\$</b>	<b>152,201,036</b>	<b>\$ 152,201,036</b>

**Uses of Funds:**

Land Cost/Acquisition	\$	0	
New Construction	\$	101,318,960	
Contractor Overhead & Profit	\$	8,033,517	
Architectural Fees	\$	700,000	
Survey and Engineering	\$	190,000	
Construction Interest and Fees	\$	9,952,300	
Permanent Financing	\$	760,000	
Legal Fees	\$	100,000	
Reserves	\$	3,274,500	
Hard Cost Contingency	\$	5,700,000	
Local Development Impact Fees	\$	6,920,000	
Other Project Costs (Soft Costs, Marketing, etc.)	\$	1,751,759	
Developer Costs	\$	13,500,000	
<b>Total Uses</b>	<b>\$</b>	<b>152,201,036</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:**

62.5 out of 140 [See Attachment A]

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**Recommendation:**

Staff recommends that the Committee approves \$123,000,000 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	25
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	10
Large Family Units	5	5	5
Leveraging	10	10	0
Community Revitalization Area	5	5	5
Site Amenities	10	10	7.5
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>62.5</b>