

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
May 16, 2018
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Louise Eller

Applicant: California Statewide Communities Development Authority

Allocation Amount Requested:

Tax-exempt: \$35,500,000

Project Information:

Name: Channel Island Park Apartments
Project Address: 910-1030 East Channel Island Blvd., 910-1045 Bismark Way,
2911-2941 Concord Drive
Project City, County, Zip Code: Oxnard, Ventura, 93033

Project Sponsor Information:

Name: Channel Island Apartments, L.P. (Channel Island Apartments GP, LLC and AOF Channel, LLC)
Principals: Gary C. Grant for Channel Island Apartments GP, LLC;
Raman Nayar, Philip J. Kennedy, Andrew Stephen Jones and
Kathryn T. Walker for AOF Channel, LLC
Property Management Company: Sage Apartment Communities, Inc.

Project Financing Information:

Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Private Placement Purchaser: JLL Capital Markets
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 22, 2018
TEFRA Adoption Date: April 10, 2018

Description of Proposed Project:

State Ceiling Pool: General
Total Number of Units: 152
Manager's Units: 2 Unrestricted
Type: Acquisition and Rehabilitation
Population Served: Family

Channel Island Park Apartments is an existing project located in Oxnard on a 5.94-acre site. The project consists of 150 restricted rental units and 2 unrestricted managers' units. The project has 38 one-bedroom units, 78 two-bedroom units and 36 three-bedroom units. The renovations will include building exterior/interior upgrades. Building exterior renovations will consist of roof repair and replacement as needed, exterior door/window replacement, stucco repair, gate and fencing repairs, sewer/drainage repairs, lighting, a fresh coat of paint, new signage and addition of video surveillance. Individual apartment units will be updated with new carpet and vinyl flooring, electrical updates, drywall repair, a fresh coat of paint, light fixtures, blinds, HVAC and plumbing updates, bathroom fixtures, new closet doors, countertops, cabinets and appliances. Lastly, common or site area renovations will consist of ADA compliant modifications. The rehabilitation is expected to begin in July 2018 and be completed in March 2019.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
31% (46 units) restricted to 50% or less of area median income households.
69% (104 units) restricted to 60% or less of area median income households.
Unit Mix: 1, 2 & 3 bedrooms

The proposed project will not be receiving service amenity points.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost: \$ 56,551,402
Estimated Hard Costs per Unit: \$ 41,055 (\$6,240,402 /152 units including mgr. units)
Estimated per Unit Cost: \$ 372,049 (\$56,551,402 /152 units including mgr. units)
Allocation per Unit: \$ 233,553 (\$35,500,000 /152 units including mgr. units)
Allocation per Restricted Rental Unit: \$ 236,667 (\$35,500,000 /150 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 35,500,000	\$ 34,100,000
LIH Tax Credit Equity	\$ 12,477,354	\$ 15,366,024
Deferred Developer Fee	\$ 6,199,679	\$ 4,786,563
Deferred Costs	\$ 856,361	\$ 0
GP Equity	\$ 0	\$ 780,807
Net Income From Operations	\$ 1,518,008	\$ 1,518,008
Total Sources	\$ 56,551,402	\$ 56,551,402

Uses of Funds:	
Land Cost/Acquisition	\$ 37,500,000
Rehabilitation	\$ 6,707,634
Relocation	\$ 400,000
Contractor Overhead & Profit	\$ 467,232
Architectural Fees	\$ 70,000
Survey and Engineering	\$ 30,000
Construction Interest and Fees	\$ 2,057,000
Permanent Financing	\$ 264,100
Legal Fees	\$ 175,000
Reserves	\$ 856,361
Appraisal	\$ 10,000
Hard Cost Contingency	\$ 717,487
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 625,873
Developer Costs	\$ 6,670,715
Total Uses	\$ 56,551,402

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 \$35,500,000 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	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
Large Family Units	5	5	0
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	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
Total Points	140	110	75