

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
October 16, 2019
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Richard Fischer

Applicant:	California Statewide Communities Development Authority
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Allocation Amount Requested:	Tax-exempt:	\$12,980,000
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Project Information:	Name:	Orchard Park Apartments
	Project Address:	423 Cougar Way
	Project City, County, Zip Code:	Beaumont, Riverside, 92223

Project Sponsor Information:	Name:	Orchard Park Apartments, LP (Spira Orchard Park, LP and FFAH V Orchard Park, LLC)
	Principals:	Stephen Ho and Robert Lee for Spira Orchard Park, LP; Deborah A. Willard for FFAH V Orchard Park, LLC
	Property Management Company:	Aperto Property Management, Inc.

Project Financing Information:	Bond Counsel:	Orrick, Herrington & Sutcliffe LLP
	Private Placement Purchaser:	Capital One, N.A.
	Cash Flow Permanent Bond:	Not Applicable
	Public Sale:	Not Applicable
	Underwriter:	Not Applicable
	Credit Enhancement Provider:	Not Applicable
	Rating:	Not Applicable
	TEFRA Noticing Date:	July 23, 2019
	TEFRA Adoption Date:	August 6, 2019

Description of Proposed Project:	State Ceiling Pool:	General
	Total Number of Units:	144
	Manager's Units:	1 Unrestricted
	Type:	Acquisition and Rehabilitation
	Population Served:	Family

Orchard Park Apartments is an existing project located in Beaumont on a 9.9-acre site. The project consists of 143 restricted rental units and 1 unrestricted manager unit. The project has 32 one-bedroom units and 112 two-bedroom units. The renovations will include building exterior and interior upgrades. Building exterior renovations will consist of siding replacement, roof replacement, window replacements and a fresh coat of paint. Interior renovations will include leasing office and community room upgrades. Individual apartment units will be updated with a kitchen appliance package, countertops, cabinets, plumbing fixtures, flooring, paint and electrical updates. Lastly, common or site area renovations will consist of concrete repairs, asphalt replacement and ADA updates. The rehabilitation is expected to begin in February 2020 and be completed in August 2021.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
20% (29 units) restricted to 50% or less of area median income households.
80% (114 units) restricted to 60% or less of area median income households.
Unit Mix: 1 & 2 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:	\$	22,809,279	
Estimated Hard Costs per Unit:	\$	25,000	(\$3,600,000 /144 units including mgr. units)
Estimated per Unit Cost:	\$	158,398	(\$22,809,279 /144 units including mgr. units)
Allocation per Unit:	\$	90,139	(\$12,980,000 /144 units including mgr. units)
Allocation per Restricted Rental Unit:	\$	90,769	(\$12,980,000 /143 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 12,980,000	\$ 12,980,000
LIH Tax Credit Equity	\$ 1,080,949	\$ 5,999,714
Developer Equity	\$ 767,362	\$ 767,362
Deferred Developer Fee	\$ 2,653,488	\$ 1,917,765
GP Note	\$ 4,183,042	\$ 0
Net Income From Operations	\$ 1,144,438	\$ 1,144,438
Total Sources	\$ 22,809,279	\$ 22,809,279

Uses of Funds:	
Land Cost/Acquisition	\$ 13,817,871
Rehabilitation	\$ 3,859,200
Relocation	\$ 206,790
Contractor Overhead & Profit	\$ 288,000
Architectural Fees	\$ 175,000
Construction Interest and Fees	\$ 894,203
Legal Fees	\$ 52,500
Reserves	\$ 310,164
Appraisal	\$ 10,000
Hard Cost Contingency	\$ 414,720
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 127,343
Developer Costs	\$ 2,653,488
Total Uses	\$ 22,809,279

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:

45.3 out of 140 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$12,980,000 in tax-exempt bond allocation on a carryforward basis.

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	30
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	7.7
Large Family Units	5	5	0
Leveraging	10	10	0
Community Revitalization Area	5	5	0
Site Amenities	10	10	7.5
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
Total Points	140	120	45.3