

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE

April 14, 2020

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

Allocation Amount Requested:
Tax-exempt: \$18,000,000

Project Information:
Name: The Groves
Project Address: 30333 Camino Capistrano
Project City, County, Zip Code: San Juan Capistrano, Orange, 92675

Project Sponsor Information:
Name: SJC Groves LP (SJC Groves CCR, LLC & RCC MGP, LLC)
Principals: Barry Cottle, Todd R Cottle and Sean Rawson for the SJC Groves CCR, LLC; Kenneth Robertson for RCC MGP, LLC
Property Management Company: Advanced Property Services, LLC

Project Financing Information:
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Private Placement Purchaser: Bank of America, 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 4, 2019
TEFRA Adoption Date: July 16, 2019

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 75
Manager's Units: 1 Unrestricted
Type: New Construction
Population Served: Senior Citizens

The Groves Apartments is a new construction project located in San Juan Capistrano on a 3.85-acre site. The project consists of 74 restricted rental units and 1 unrestricted manager unit. The project will have 60 one-bedroom units, 14 two-bedroom units and 1 three-bedroom unit. The building will be a 3-story building of wood frame construction. Common amenities include a community center, laundry facilities, management offices and a walking trail. There will be 75 parking spaces provided. The project will be pursuing 7% above Title 24 requirements. The construction is expected to begin July 2020 and will be completed in March 2022.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%

30% (22 units) restricted to 50% or less of area median income households.

70% (52 units) restricted to 60% or less of area median income households.

Unit Mix: 1, 2 & 3 bedrooms

The proposed project will be receiving service amenity points. The project will provide instructor-led educational, health and wellness services and programs.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$	34,104,806	
Estimated Hard Costs per Unit:	\$	146,649	(\$10,998,681 /75 units including mgr. unit)
Estimated per Unit Cost:	\$	454,731	(\$34,104,806 /75 units including mgr. unit)
Allocation per Unit:	\$	240,000	(\$18,000,000 /75 units including mgr. unit)
Allocation per Restricted Rental Unit:	\$	243,243	(\$18,000,000 /74 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 18,000,000	\$ 7,475,180
Tranche B Financing	\$ 0	\$ 1,385,940
LIH Tax Credit Equity	\$ 3,402,830	\$ 13,506,178
Developer Equity	\$ 100	\$ 395,173
Deferred Developer Fee	\$ 2,117,525	\$ 867,525
Deferred Costs	\$ 389,840	\$ 0
City of San Juan Capistrano Dev.Loan	\$ 4,800,000	\$ 4,800,000
City of San Juan Capistrano Land Loan	\$ 4,100,000	\$ 4,100,000
CalHFA SNHP	\$ 1,294,511	\$ 1,574,810
Total Sources	\$ 34,104,806	\$ 34,104,806

Uses of Funds:	
Land Cost/Acquisition	\$ 4,258,511
New Construction	\$ 15,421,875
Contractor Overhead & Profit	\$ 1,867,786
Architectural Fees	\$ 650,000
Survey and Engineering	\$ 515,000
Construction Interest and Fees	\$ 2,026,508
Permanent Financing	\$ 137,111
Legal Fees	\$ 125,000
Reserves	\$ 334,500
Appraisal	\$ 20,000
Hard Cost Contingency	\$ 1,234,506
Local Development Impact Fees	\$ 2,779,921
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 971,490
Developer Costs	\$ 3,762,598
Total Uses	\$ 34,104,806

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:

125.0 out of 145 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$18,000,000 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	35
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	10
Gross Rents	5	5	5
Large Family Units	5	5	0
Leveraging	10	10	10
Community Revitalization Area	5	5	5
Site Amenities	10	10	10
Service Amenities	10	10	10
New Construction or Substantial Renovation	10	10	10
Sustainable Building Methods	10	10	10
Forgone Eligible Developer Fee (Competitive Allocation Process Only)	10	10	10
Minimum Term of Restrictions (Competitive Allocation Process Only)	10	10	10
Negative Points (No Maximum)	-10	-10	0
Total Points	145	125	125