

**THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**  
**December 9, 2020**  
**Staff Report**  
**REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A**  
**QUALIFIED RESIDENTIAL RENTAL PROJECT**

*Prepared by: Richard Fischer*

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**Applicant:** California Statewide Communities Development Authority

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**Allocation Amount Requested:**  
**Tax-exempt:** \$4,500,000

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**Project Information:**  
**Name:** Oroville Manor Apartments  
**Project Address:** 2750 Lincoln Boulevard  
**Project City, County, Zip Code:** Oroville, Butte, 95966

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**Project Sponsor Information:**  
**Name:** HPD OM LP (Highland Property Development LLC & Hearthstone CA Properties II, LLC)  
**Principals:** Kristopher J. Kaufman, Gary P. Downs and Douglas B. Day for Highland Property Development LLC; Socorro Vasquez for Hearthstone CA Properties II, LLC  
**Property Management Company:** FPI Management

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**Project Financing Information:**  
**Bond Counsel:** Orrick, Herrington & Sutcliffe LLP  
**Private Placement Purchaser:** JPMorgan Chase Bank, N.A.  
**Cash Flow Permanent Bond:** Not Applicable  
**Public Sale:** Not Applicable  
**Underwriter:** Not Applicable  
**Credit Enhancement Provider:** Not Applicable  
**Rating:** Not Applicable

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**Description of Proposed Project:**  
**State Ceiling Pool:** Rural  
**Total Number of Units:** 72  
**Manager's Units:** 1 Unrestricted  
**Type:** Acquisition and Rehabilitation  
**Population Served:** Senior Citizens

Oroville Manor Apartments is an existing project located in Oroville on a 3.69-acre site. The project consists of 72 restricted rental units and 1 unrestricted manager unit. The project has 4 studio units, 67 one-bedroom units and 1 two-bedroom unit. The renovations will include building upgrades. Building exterior renovations will consist of roof replacement, window replacements and a fresh coat of paint. Interior renovations will include laundry room, leasing office and community room upgrades. Individual apartment units will be updated with a new appliance package, countertops, cabinets, fixtures, paint and electrical updates. Lastly, common or site area renovations will consist of concrete repairs, asphalt replacement, ADA updates. The rehabilitation is expected to begin in April 2021 and be completed in October 2021.

**Description of Public Benefits:**

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

31% (22 units) restricted to 50% or less of area median income households.

69% (49 units) restricted to 60% or less of area median income households.

**Unit Mix:** Studio & 1 bedroom

The proposed project will be receiving service amenity points.

**Term of Restrictions:**

**Income and Rent Restrictions:** 55 years

**Details of Project Financing:**

<b>Estimated Total Development Cost:</b>	\$ 8,625,306	
<b>Estimated Hard Costs per Unit:</b>	\$ 45,000	(\$3,240,000 /72 units including mgr. units)
<b>Estimated per Unit Cost:</b>	\$ 119,796	(\$8,625,306 /72 units including mgr. units)
<b>Allocation per Unit:</b>	\$ 62,500	(\$4,500,000 /72 units including mgr. units)
<b>Allocation per Restricted Rental Unit:</b>	\$ 63,380	(\$4,500,000 /71 restricted units)

<b>Sources of Funds:</b>	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 4,500,000	\$ 0
LIH Tax Credit Equity	\$ 1,634,345	\$ 2,719,240
Developer Equity	\$ 0	\$ 666,066
Bonneville Mortg. Company (USDA Section 538)	\$ 0	\$ 3,500,000
City of Oroville	\$ 500,000	\$ 500,000
Net Income From Operations	\$ 90,000	\$ 90,000
USDA Rural Development USDA (515)	\$ 1,150,000	\$ 1,150,000
<b>Total Sources</b>	<b>\$ 7,874,345</b>	<b>\$ 8,625,306</b>

<b>Uses of Funds:</b>	
Land Cost/Acquisition	\$ 2,548,000
Rehabilitation	\$ 3,486,240
Relocation	\$ 50,000
Contractor Overhead & Profit	\$ 259,200
Architectural Fees	\$ 75,000
Survey and Engineering	\$ 16,000
Construction Interest and Fees	\$ 188,613
Permanent Financing	\$ 128,100
Legal Fees	\$ 171,400
Reserves	\$ 289,500
Appraisal	\$ 10,000
Hard Cost Contingency	\$ 324,000
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 157,792
Developer Costs	\$ 921,461
<b>Total Uses</b>	<b>\$ 8,625,306</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:**

110 out of 145 [See Attachment A]

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**Recommendation:**

Staff recommends that the Committee approves \$4,500,000 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	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
Gross Rents	5	5	5
Leveraging	10	10	10
Community Revitalization Area	5	5	0
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
<b>Total Points</b>	<b>145</b>	<b>125</b>	<b>130</b>