

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
September 21, 2016
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Sarah Lester

Applicant: California Statewide Communities Development Authority

Allocation Amount Requested:
Tax-exempt: \$81,988,268

Project Information:
Name: Uptown Newport II Apartments
Project Address: 4201 Jamboree
Project City, County, Zip Code: Newport Beach, Orange, 92660

Project Sponsor Information:
Name: To be formed, LP (AHA Macarthur MGP, LLC; Uptown Newport South Building GP, LLC)
Principals: William W. Hirsch, Jonathan B. Webb, Jeffreu A. E. Zoldos, Hilda J. Jusuf for AHA Macarthur MGP, LLC; Kenneth A. Picerne for Uptown Newport South Building GP, LLC
Property Management Company: Picerne Management Company

Project Financing Information:
Bond Counsel: Hutchinson, Shockey, Erley & Co.
Private Placement Purchaser: Not Applicable
Public Sale: A-Rated or Higher
Underwriter: Hutchinson, Shockey, Erley & Co.
Rating: A-2 (Standard & Poors)
TEFRA Noticing Date: January 8, 2016
TEFRA Adoption Date: January 26, 2016

Description of Proposed Project:
State Ceiling Pool: Mixed Income
Total Number of Units: 222, see manager units for Uptown Newport I Project
Type: New Construction
Type of Units: Family

The proposed project is a new construction development and will be a part of a multiphase development. The project will be located in Newport Beach in Orange County. The first phase will consist of the development of Uptown Newport North and Uptown Newport South (the "Subject"), which will include ground floor retail. Other uses, such as a hotel and park are also proposed for Phase I of development. The entire site for Phase I encompasses approximately 12.6 acres or 548,856 square feet. The Subject will occupy approximately 2.4 acres or 104,544 square feet. The Subject will contain a total of 222 studio, one, and two-bedroom apartment units. Forty-five units (20 percent) will be income-restricted, and offered to family households with income levels at or below 50 percent of the area median income (AMI). The remaining 177 units will be market-rate. The developer intends to begin construction in July/August 2016, with units becoming available for lease in April/May of 2018, which is utilized as the market entry date for the Subject.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 20%
20% (45 units) restricted to 50% or less of area median income households.
Unit Mix: Studio, 1 & 2 bedrooms

The proposed project will not be providing service amenities.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$ 88,776,856	
Estimated Hard Costs per Unit:	\$ 178,883	(\$39,712,032 /222 units)
Estimated per Unit Cost:	\$ 399,896	(\$88,776,856 /222 units (0 mngr. units)
Allocation per Unit:	\$ 369,317	(\$81,988,268 /222 units)
Allocation per Restricted Rental Unit:	\$ 1,821,962	(\$81,988,268 /45 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 81,988,268	\$ 81,988,268
LIH Tax Credit Equity	\$ 2,074,588	\$ 5,186,470
Deferred Developer Fee	\$ 2,500,000	\$ 1,602,118
Owner Equity	\$ 2,214,000	\$ 0
Total Sources	\$ 88,776,856	\$ 88,776,856

Uses of Funds:	
Land Cost/Acquisition	\$ 8,500,000
New Construction	\$ 52,977,643
Contractor Overhead & Profit	\$ 294,836
Architectural Fees	\$ 1,720,968
Construction Interest and Fees	\$ 5,245,912
Legal Fees	\$ 390,330
Reserves	\$ 1,699,522
Contingency Cost	\$ 1,219,491
Local Development Impact Fees	\$ 11,845,455
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 1,960,705
Developer Costs	\$ 2,921,994
Total Uses	\$ 88,776,856

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:

46 out of 120

[See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$81,988,268 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	6
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	0
Community Revitalization Area	5	5	0
Site Amenities	10	10	5
Service Amenities	10	10	0
New Construction or Substantial Renovation	10	10	10
Sustainable Building Methods	10	10	10
Forgone Eligible Developer Fee (Competitive Allocation Process Only)	10	10	0
Minimum Term of Restrictions (Competitive Allocation Process Only)	10	10	0
Negative Points (No Maximum)	-10	-10	0
Total Points	140	120	46

The criteria for which points are awarded will also be incorporated into the Resolution transferring Allocation to the Applicant as well as the appropriate bond documents and loan and finance agreements.