

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
December 14, 2016
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Louise Eller

Applicant: California Public Finance Authority

Allocation Amount Requested:
Tax-exempt: \$14,910,000

Project Information:
Name: Sycamore Court Apartments
Project Address: 10632 Bolsa Avenue
Project City, County, Zip Code: Garden Grove, Orange, 92843

Project Sponsor Information:
Name: 10632 Bolsa Avenue, L.P. (SC-MCO, LLC and AOF Sycamore, LLC)
Principals: Ray Nayar for SC-MCO, LLC and Rudy Mariman and Shawn Boyd for AOF Sycamore, LLC
Property Management Company: QRM

Project Financing Information:
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Private Placement Purchaser: JLL Capital Markets
Public Sale: Not Applicable
Underwriter: Not Applicable
TEFRA Noticing Date: May 6, 2016
TEFRA Adoption Date: May 24, 2016

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 77, plus 1 manager unit
Type: Acquisition and Rehabilitation
Type of Units: Family

Sycamore Court is an existing project located in Garden Grove. The project has 20 one-bedroom units, 42 two-bedroom units and 15 three-bedroom units. The project consists of 6 two-story garden style buildings with central courtyards. During the construction, the following items will be installed on the property: new appliances, new recessed panel interior doors with hardware, knobs and handles, HVAC upgrades, new dual windows, drywall repairs, electrical upgrades, new smoke and carbon monoxide detectors, new closet doors and shelving, new flooring, exterior wood and fascia repair and replacements, pest control treatment, security lighting will be installed, the parking areas will be repaired and the interior concrete walk-way will be replaced as needed. In addition, upgrades will be made to the kitchens, bathrooms and landscaping.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
10% (8 units) restricted to 50% or less of area median income households.
90% (69 units) restricted to 60% or less of area median income households.
Unit Mix: 1, 2 & 3 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: \$ 22,769,002
Estimated Hard Costs per Unit: \$ 42,857 (\$3,300,000 /77 units)
Estimated per Unit Cost: \$ 291,910 (\$22,769,002 /78 units including mgr. units)
Allocation per Unit: \$ 193,636 (\$14,910,000 /77 units)
Allocation per Restricted Rental Unit: \$ 193,636 (\$14,910,000 /77 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 14,910,000	\$ 14,910,000
Taxable Subordinate Debt	\$ 1,200,000	\$ 1,200,000
LIH Tax Credit Equity	\$ 4,259,883	\$ 6,553,667
Deferred Developer Fee	\$ 2,307,576	\$ 13,792
Net Income From Operations	\$ 91,543	\$ 91,543
Total Sources	\$ 22,769,002	\$ 22,769,002

Uses of Funds:	
Land Cost/Acquisition	\$ 13,200,000
Rehabilitation	\$ 3,881,025
Relocation	\$ 234,000
Contractor Overhead & Profit	\$ 264,000
Architectural Fees	\$ 100,000
Survey and Engineering	\$ 50,000
Construction Interest and Fees	\$ 1,317,981
Permanent Financing	\$ 10,000
Legal Fees	\$ 170,000
Reserves	\$ 287,625
Appraisal	\$ 10,000
Contingency Cost	\$ 300,000
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 499,213
Developer Costs	\$ 2,445,158
Total Uses	\$ 22,769,002

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:

60 out of 140

[See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$14,910,000 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	10
Exceeding Minimum Income Restrictions:	35	15	25
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	0
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	5
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	110	60

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.