

**THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**  
**March 18, 2015**  
**Staff Report**  
**REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A**  
**QUALIFIED RESIDENTIAL RENTAL PROJECT**

*Prepared by: Brian Clark*

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**Applicant:** California Statewide Communities Development Authority

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**Allocation Amount Requested:**  
**Tax-exempt:** \$35,000,000

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**Project Information:**  
**Name:** Anton Portola Apartments  
**Project Address:** Intersection of Still Night and Oak Forest  
**Project City, County, Zip Code:** Irvine, Orange, 92618

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**Project Sponsor Information:**  
**Name:** Portola Irvine LP (Anton Portola, LLC & PacH Anton South Holdings, LLC)  
**Principals:** Steven L. Eggert for Anton Portola, LLC; Mark A. Wiese for PacH Anton South Holdings, LLC  
**Property Management Company:** St. Anton Management, Inc.

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**Project Financing Information:**  
**Bond Counsel:** Orrick, Herrington & Sutcliffe LLP  
**Underwriter:** Not Applicable  
**Credit Enhancement Provider:** Not Applicable  
**Private Placement Purchaser:** Citibank, NA  
**TEFRA Adoption Date:** January 13, 2015

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**Description of Proposed Project:**  
**State Ceiling Pool:** General  
**Total Number of Units:** 253, plus 3 manager units  
**Type:** New Construction  
**Type of Units:** Family

The proposed Project will be located on a 10.3 acre vacant parcel in the Portola Springs master planned community in the City of Irvine and will consist of 12 three-story buildings, a clubhouse and 456 parking spaces (including 134 tuck-under garages rented at an additional price and 124 carports). The Project will house 150 one-bedroom units, 103-two bedroom units (253 total tenant units) and 3 two-bedroom managers' units. All tenant units will be income restricted at 50% AMI. All units will have a refrigerator, stove/oven, dishwasher, disposal, central AC/heat, window treatments, carpeting, patio/balcony, storage closet, coat closet and washer/dryer hookups. Community amenities will include a pool, laundry facility, picnic/BBQ area, clubhouse with community room and kitchen, Wi-Fi computer center, playground, dog park, one acre of park space, covered outdoor salon, fitness center, on-site management, courtesy patrol and surveillance cameras. Construction is expected to begin in 2015 and be completed in 2017.

**Description of Public Benefits:**

**Percent of Restricted Rental Units in the Project:** 100%  
100% (253 units) restricted to 50% or less of area median income households.  
**Unit Mix:** 1 & 2 bedrooms

There are no service amenities.

**Term of Restrictions:**

**Income and Rent Restrictions:** 55 years

**Details of Project Financing:**

<b>Estimated Total Development Cost:</b>	\$ 55,957,276	
<b>Estimated Hard Costs per Unit:</b>	\$ 109,300	(\$27,653,000 /253 units)
<b>Estimated per Unit Cost:</b>	\$ 221,175	(\$55,957,276 /253 units)
<b>Allocation per Unit:</b>	\$ 138,340	(\$35,000,000 /253 units)
<b>Allocation per Restricted Rental Unit:</b>	\$ 138,340	(\$35,000,000 /253 restricted units)

<b>Sources of Funds:</b>	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 35,000,000	\$ 13,670,000
Subordinate Loan	\$ 0	\$ 3,840,000
LIH Tax Credit Equity	\$ 6,500,000	\$ 24,240,411
Pre-Conversion NOI	\$ 185,099	\$ 1,113,806
Developer Fee Note	\$ 0	\$ 1,573,682
Irvine USD Impact Fee Payable	\$ 9,017,361	\$ 8,364,561
City of Irvine Impact Fee Payable	\$ 3,154,816	\$ 3,154,816
<b>Total Sources</b>	<b>\$ 53,857,276</b>	<b>\$ 55,957,276</b>

<b>Uses of Funds:</b>	
On & Off Site Costs	\$ 4,825,000
Hard Construction Costs	\$ 22,828,000
Architect & Engineering Fees	\$ 1,234,048
Contractor Overhead & Profit	\$ 2,221,420
Developer Fee	\$ 2,500,000
Cost of Issuance	\$ 115,200
Capitalized Interest	\$ 1,999,023
Other Soft Costs (Marketing, etc.)	\$ 20,234,585
<b>Total Uses</b>	<b>\$ 55,957,276</b>

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**Description of Financial Structure and Bond Issuance:**

The bonds will be purchased as a private placement transaction by Citibank, N.A. The construction phase will be for a period of 30 months, during which the construction loan will bear interest at a variable rate equal to the SIFMA Municipal Swap Index plus a spread of 2.00%. Upon conversion to permanent phase, the bonds will be paid down to \$13,670,000. The permanent loan will bear interest at a fixed rate equal to the sum of 18-year maturity "AAA" bond rates published by Thompson Municipal Market Monitor ("MMD") plus a spread of 2.40%. The rate will be committed at the time of closing of the construction phase financing. The permanent loan will have a 15 year term and a 35 year amortization period.

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**Analyst Comments:**

Not Applicable

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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:** 60 out of 130  
[See Attachment A]

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**Recommendation:**

Staff recommends that the Committee approve \$35,000,000 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
Federally Assisted At-Risk Project or HOPE VI Project	20	20	0
Exceeding Minimum Income Restrictions:	35	15	35
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Federally Assisted At-Risk Project or HOPE VI Project]	[10]	[10]	10
Gross Rents	5	5	5
Large Family Units	5	5	0
Leveraging	10	10	0
Community Revitalization Area	15	15	0
Site Amenities	10	10	0
Service Amenities	10	10	0
New Construction	10	10	10
Sustainable Building Methods	10	10	0
Negative Points	-10	-10	0
<b>Total Points</b>	<b>130</b>	<b>100</b>	<b>60</b>

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.