

ATTACHMENT H SUMMARY OF COUNTY OF ORANGE APARTMENT DEVELOPMENT REVENUE BONDS

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- ♦ The Apartment Development Revenue Bond Program provides lower interest rate, primary financing for qualified borrowers (developers) for the acquisition and construction of multifamily rental housing. Projects may be located anywhere in Orange County and must be either new construction projects or acquisition/rehabilitation of existing projects. A “typical” bond financed loan is \$7 million or more for which the issuance cost is approximately \$300,000.
 - A minimum of either 20% of total units must be affordable for very low-income households; or 10% of total units must be affordable for very low-income households and 30% of total units must be affordable for households at 60% of area median income. The bond affordability period is the longer of 15 years or as long as the bonds are outstanding (approximately 30 years).
 - If approved by OC Housing and Community Development and the Board of Supervisors, OC Community Resources funding may be used for bond financed projects to produce additional affordable units or “deeper” affordability.
- ♦ The borrower will be responsible for paying all costs related to the bonds, including the costs of bond issuance and fees of the finance team (e.g., underwriter, lender, bond counsel, financial advisor, trustee and compliance administrator for the affordable units).
- ♦ The borrower will also be responsible for repaying the bond financed loan, typically over a 30-year period. The bonds are backed by a letter of credit, insurance or guarantee from a lender (e.g., Fannie Mae, Freddie Mac or acceptable bank) which if needed, will pay the bond interest and principal. At its discretion, the County may consider private placement of the bonds by a qualified institution.
- ♦ After the borrower obtains site control for the project and a lender commitment for the bonds, the borrower should be ready to prepare an application to first the County, and if approved, to the California Debt Limit Allocation Committee (CDLAC) for an allocation of tax-exempt bonds. The following summarizes the County and CDLAC process:
 - The financing concept and finance team must be approved by the Public Financing Advisory Committee (PFAC).
 - If approved by PFAC, the Board of Supervisors will be requested to conduct a public hearing and approve the inducement resolution required for tax-exempt bonds, financing concept, finance team and application submittal to CDLAC.
 - After submittal of the CDLAC application, CDLAC will award bond allocations to higher ranked applications during its scheduled allocation meetings.
 - If a bond allocation is awarded, thereafter, the finance team, including the borrower and County staff, will finalize the financing terms and prepare the bond documents.
 - The financing terms and documents, and issuance of the bonds must be approved by PFAC and thereafter, the Board of Supervisors. Bonds must be issued within 90 days after the date of the CDLAC award, or another date set by CDLAC.
- ♦ Please call the staff person listed above prior to preparing your apartment bond application and submitting it to the County Executive Office.