

**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: Ruben Barcelo*

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**Applicant:** California Statewide Communities Development Authority

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**Allocation Amount Requested:**  
**Tax-exempt:** \$9,000,000

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**Project Information:**  
**Name:** Heninger Village Apartments  
**Project Address:** 200 S. Sycamore St.  
**Project City, County, Zip Code:** Santa Ana, Orange, 92701

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**Project Sponsor Information:**  
**Name:** Heninger 2016 LP (Heninger MGP LLC and Heninger 2016 COGP LLC)  
**Principals:** Jonathan B. Webb and William W. Hirsch for Heninger MGP LLC;  
Paul Fruchbom and Mark Hyatt for Heninger 2016 COGP LLC  
**Property Management Company:** VPM Management, Inc.

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**Project Financing Information:**  
**Bond Counsel:** Orrick, Herrington & Sutcliffe LLP  
**Private Placement Purchaser:** Citibank, N.A.  
**TEFRA Noticing Date:** July 15, 2016  
**TEFRA Adoption Date:** August 2, 2016

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**Description of Proposed Project:**  
**State Ceiling Pool:** General  
**Total Number of Units:** 57, plus 1 manager unit  
**Type:** Acquisition and Rehabilitation  
**Type of Units:** Senior Citizens

Heninger Village Apartments is a 58-unit age-restricted development originally constructed in 1987. It is situated on a 1.28 acre parcel that is located in a section of Santa Ana characterized by mixed use, including retail and residential. The development consists of five two- and three-story, elevator-served residential buildings. Units include 39 one-bedroom units and 19 two-bedroom units. Proposed work includes replacement of single pane windows to double pane, exterior lighting to LED, dishwashers with Energy Star models, flooring, HVAC units with energy efficient models, and boilers with energy efficient units, interior and exterior paint, balcony deck repair, landscape upgrades, elevator upgrades, and ADA improvements to common areas. Renovations are anticipated to improve overall energy efficiency of the development by at least 10%. Rehabilitation work is expected to begin January 2017 and to be completed by December 31, 2017.

**Description of Public Benefits:**

**Percent of Restricted Rental Units in the Project:** 100%  
14% (8 units) restricted to 50% or less of area median income households.  
86% (49 units) restricted to 60% or less of area median income households.  
**Unit Mix:** 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:** \$ 14,631,981  
**Estimated Hard Costs per Unit:** \$ 22,878 (\$1,304,050 /57 units)  
**Estimated per Unit Cost:** \$ 252,276 (\$14,631,981 /58 units including mgr. units)  
**Allocation per Unit:** \$ 157,895 (\$9,000,000 /57 units)  
**Allocation per Restricted Rental Unit:** \$ 157,895 (\$9,000,000 /57 restricted units)

<b>Sources of Funds:</b>	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 9,000,000	\$ 6,100,000
Tax Credit Equity	\$ 1,040,748	\$ 4,406,948
Seller Carryback Loan	\$ 2,300,000	\$ 2,300,000
Project Cash Flow	\$ 664,704	\$ 664,704
Deferred Developer Fee	\$ 0	\$ 1,160,329
Total Sources	\$ 13,005,452	\$ 14,631,981

<b>Uses of Funds:</b>	
Land Cost/Acquisition	\$ 10,000,000
Rehabilitation	\$ 1,362,733
Contractor Overhead & Profit	\$ 123,885
Architectural Fees	\$ 39,000
Construction Interest and Fees	\$ 827,375
Permanent Financing	\$ 40,000
Legal Fees	\$ 207,500
Reserves	\$ 175,749
Appraisal	\$ 11,350
Contingency	\$ 148,661
Developer Costs	\$ 1,527,000
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 168,728
Total Uses	\$ 14,631,981

**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:**

52 out of 140

[See Attachment A]

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**Recommendation:**

Staff recommends that the Committee approves \$9,000,000 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
Preservation Project	20	20	10
Exceeding Minimum Income Restrictions:	35	15	27
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	10
Service Amenities	10	10	0
New Construction or Substantial Renovation	10	10	0
Sustainable Building Methods	10	10	0
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
<b>Total Points</b>	<b>140</b>	<b>110</b>	<b>52</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.