

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
December 3, 2008
Staff Report
2008 HOUSING ACT VOLUME CAP (H.R. 3221)
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Brady Hill

Applicant: Brea Redevelopment Agency

Allocation Amount Requested: Tax-exempt: \$21,000,000

Project Information:

Name: Tonner Hills Apartments
Project Address: Intersection of Valencia Ave. and Lambert Rd.
Project City, County, Zip Code: Brea, Orange, 92821

Project Sponsor Information:

Name: Tonner Hills, L.P.
(JHC – Acquisitions LLC)
Principals: Laura Archeleta and Marcy Torres

Project Financing Information:

Bond Counsel: Jones Hall, A Professional Law Corporation
Underwriter: Not Applicable
Private Placement Purchaser: U.S. Bank National Association
TEFRA Hearing: June 17, 2008

Description of Proposed Project:

State Ceiling Pool: General
Total Number of Units: 93, plus 1 manager's unit
Type: New Construction
Type of Units: Family

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
70% (65 units) restricted to 50% or less of area median income households.
30% (28 units) restricted to 60% or less of area median income households.
Unit Mix: 1, 2 & 3 bedrooms

Term of Restrictions: 55 years

Estimated Total Development Cost:	\$28,483,562	
Estimated Hard Costs per Unit:	\$163,750	(\$15,228,713 / 93 units)
Estimated per Unit Cost:	\$306,275	(\$28,483,562 / 93 units)
Allocation per Unit:	\$225,806	(\$21,000,000 / 93 units)
Allocation per Restricted Rental Unit:	\$225,806	(\$21,000,000 / 93 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 21,000,000	\$ 3,182,152
Deferred Developer Fee	\$ 148,997	\$ 101,190
LIH Tax Credit Equity	\$ 4,687,382	\$ 9,258,539
Direct & Indirect Public Funds	\$ 2,600,000	\$ 15,941,681
Deferred Expenses	\$ 47,183	\$ 0
Total Sources	\$ 28,483,562	\$ 28,483,562

Uses of Funds:	
Acquisition Costs	\$ 2,000,000
New Construction Costs	\$ 17,217,019
Architectural	\$ 700,000
Survey & Engineering	\$ 375,000
Contingency Costs	\$ 1,441,276
Construction Period Expenses	\$ 2,131,250
Permanent Financing Expenses	\$ 158,192
Legal Fees	\$ 145,000
Capitalized Reserves	\$ 250,000
Reports & Studies	\$ 105,000
Other (Marketing, etc)	\$ 2,675,825
Developer Costs	\$ 1,285,000
Total Uses	\$ 28,483,562

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: 85.3 out of 128

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$21,000,000 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]	5.3
Gross Rents	5	5	0
Large Family Units	5	5	5
Leveraging	10	10	10
Exceeding Minimum Term of Restrictions	10	10	10
Community Revitalization Area	15	15	0
Site Amenities	10	10	0
Service Amenities	10	10	10
New Construction	10	10	10
Sustainable Building Methods	8	8	0
Negative Points	-10	-10	0
Total Points	128	108	85.3

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.