

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
March 13, 2013
REVISED
Staff Report
*REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT*

Prepared by: Sarah Lester

Applicant: California Statewide Communities Development Authority

Allocation Amount Requested:
Tax-exempt: \$29,700,000

Project Information:
Name: Anton Legacy Apartments
Project Address: Park Avenue
Project City, County, Zip Code: Tustin, Orange, 92606

Project Sponsor Information:
Name: Anton Legacy Tustin, LP (Anton Legacy, LLC and PacH Anton South Holdings, LLC)
Principals: Steven L. Eggert and Peter Geremia for Anton Legacy, LLC; Mark A. Wiese for PacH Anton South Holdings, LLC
Property Management Company: St. Anton Management

Project Financing Information:
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Private Placement Purchaser: Citibank, N.A.
TEFRA Hearing Date: November 20, 2012

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 223, plus 2 manager units
Type: New Construction
Type of Units: Family

The proposed project will be a new construction mixed income family project located at the intersection of Tustin Ranch Road and Legacy Road along Park Avenue in the City of Tustin, County of Orange. The project will consist of a total of 225 units, of which 161 will be restricted to households with incomes no greater than 60% of the area median income (AMI) and 62 will be market rate units. The breakdown is as follows: 88 units at 50% AMI and 73 units at 60% AMI. Of the 225 units, 78 will be one-bedroom units, 117 will be two-bedroom units and 30 will be three-bedroom units. Project amenities will include a clubhouse with a leasing office, fully equipped kitchen, computer area/classroom, a fitness center, mail center, on-site laundry facility, swimming pool, outdoor kitchen, spa and social activities.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 72%

39% (88 units) restricted to 50% or less of area median income households.

33% (73 units) restricted to 60% or less of area median income households.

Unit Mix: 1, 2 & 3 bedrooms

There will no services amenities provided for this project.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$	49,435,678	
Estimated Hard Costs per Unit:	\$	105,942	(\$23,625,075 /223 units)
Estimated per Unit Cost:	\$	221,685	(\$49,435,678 /223 units)
Allocation per Unit:	\$	133,184	(\$29,700,000 /223 units)
Allocation per Restricted Rental Unit:	\$	184,472	(\$29,700,000 /161 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 29,700,000	\$ 29,700,000
Taxable Bond Proceeds	\$ 4,300,000	\$ 1,920,000
LIH Tax Credit Equity	\$ 11,200,000	\$ 14,040,594
Other (NOI during lease-up and DDF)	\$ 2,135,678	\$ 3,775,084
Total Sources	\$ 47,335,678	\$ 49,435,678

Uses of Funds:	
Acquisition/Land Purchase	\$ 1
On & Off Site Costs	\$ 4,022,575
Hard Construction Costs	\$ 19,602,500
Architect & Engineering Fees	\$ 1,119,124
Contractor Overhead & Profit	\$ 3,307,511
Developer Fee	\$ 2,500,000
Cost of Issuance	\$ 154,580
Capitalized Interest	\$ 3,055,851
Other Soft Costs (Marketing, etc.)	\$ 15,673,536
Total Uses	\$ 49,435,678

Description of Financial Structure and Bond Issuance:

The financial structure of the proposed project will be a private placement transaction provided by Citibank, N.A.(the "Bank"). The Bank will provide both the tax-exempt loan and the taxable loan in the aggregate amount of \$33,000,000. St. Anton Investors, LLC also agrees to purchase subordinate tax-exempt bonds in the amount of \$1,000,000 at close of Escrow. The bonds will be issued by the California Statewide Communities Development Authority. The tax-exempt loan will have two tranches. Tranche A will be funded first and will provide construction to permanent phase financing. Tranche B will be for additional construction phase only financing. Funding for both tranches will be made on "draw down" basis. During the construction phase, the term for the tax exempt loan will be 30 months, plus one 6-month extension. The interest rate will be a variable rate equal to SIFMA plus a sprad of 2.25%. During the permanent phase, the term of the loan will 15 years with a 35 year amortization period. The interest rate will be a fixed rate equal to the sum of 18 year maturity "AAA" bond rates as published by Thompson Municipal Market Monitor ("MMD") plus a spread of 2.00%. The interest rate on the taxable loan will be a variable rate equal to one month LIBOR plus a spread of 2.25%.

Analyst Comments:

Not Applicable

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: 66.5 out of 130
[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$29,700,000 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	34
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	2.5
Service Amenities	10	10	0
New Construction	10	10	10
Sustainable Building Methods	10	10	5
Negative Points	-10	-10	0
Total Points	130	100	66.5

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.