

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
May 20, 2015
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Brian Clark

Applicant: California Municipal Finance Authority

Allocation Amount Requested:
Tax-exempt: \$27,000,000

Project Information:
Name: Vintage Aliso Apartments
Project Address: 2C Liberty Drive
Project City, County, Zip Code: Aliso Viejo, Orange, 92656

Project Sponsor Information:
Name: Aliso Viejo 621, LP (USA Aliso Viejo 621, Inc. & Foundation for Affordable Housing II, Inc.)
Principals: Geoffrey C. Brown, Edward R. Herzog, Michael J. McCleery, Karen C. McCurdy, Darren Bobrowsky & Valerie Silva for USA Aliso Viejo 621, Inc.; Tom Willard, Darrin Willard & Tracy Canepa for Foundation for Affordable Housing II, Inc.)
Property Management Company: USA Multifamily Management, Inc.

Project Financing Information:
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Private Placement Purchaser: Citibank, NA
TEFRA Adoption Date: December 3, 2014

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 200, plus 2 manager units
Type: New Construction
Type of Units: Senior Citizens

The Project will be located on a 3.99 acre site in the southwest area of Aliso Viejo. The Project will consist of a single four-story elevator-served building housing 200 tenant units (18 one-bedroom units and 182 two-bedroom units), 2 two-bedroom manager's units and having 202 parking spaces. All tenant units will be income restricted, 33 units at 50% AMI and 167 units at 60% AMI. Unit amenities will include pantry cabinets, dishwasher, stove/oven, vent fan, refrigerator, disposal, central heat/AC, ceiling fans, blinds and patio/balcony. Site amenities will include a community center housing the leasing/management office, activity area, community kitchen, computer lab, laundry facilities, mail room, pet washing facilities and restrooms. Site amenities will also include two outdoor spaces. The first outdoor space will be located in the interior courtyard and will include a pool, spa, water feature, decorative landscaping, and covered outdoor seating. The second outdoor area will feature multipurpose gathering area, decorative landscaping, a community garden planter, citrus grove, and outdoor seating. Construction is anticipated to start in July 2015 and be completed in November, 2016.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
17% (33 units) restricted to 50% or less of area median income households.
84% (167 units) restricted to 60% 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:

Estimated Total Development Cost: \$ 39,505,829
Estimated Hard Costs per Unit: \$ 105,384 (\$21,076,796 /200 units)
Estimated per Unit Cost: \$ 197,529 (\$39,505,829 /200 units)
Allocation per Unit: \$ 135,000 (\$27,000,000 /200 units)
Allocation per Restricted Rental Unit: \$ 135,000 (\$27,000,000 /200 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 27,000,000	\$ 27,000,000
LIH Tax Credit Equity	\$ 9,415,177	\$ 12,505,829
Total Sources	\$ 36,415,177	\$ 39,505,829

Uses of Funds:	
Acquisition/Land Purchase	\$ 6,890,000
On & Off Site Costs	\$ 2,373,291
Hard Construction Costs	\$ 18,703,505
Architect & Engineering Fees	\$ 1,009,404
Contractor Overhead & Profit	\$ 1,948,825
Developer Fee	\$ 2,500,000
Cost of Issuance	\$ 1,435,110
Capitalized Interest	\$ 729,711
Impact Fees	\$ 1,186,533
Operating Reserve	\$ 590,652
Other Soft Costs (Marketing, etc.)	\$ 2,138,798
Total Uses	\$ 39,505,829

Description of Financial Structure and Bond Issuance:

The bonds will be purchased as a private placement transaction by Citibank, NA. The construction phase will be for a period of 30 months, during which the construction loan will bear interest at a fixed rate currently estimated to be 2.80%. Upon conversion to permanent phase, the permanent loan will bear interest at a fixed rate currently estimated to be 4.49%. The permanent loan will have a 30-year term and a 35-year amortization period.

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: 60.5 out of 130

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$27,000,000 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	28
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	7.5
Service Amenities	10	10	0
New Construction	10	10	10
Sustainable Building Methods	10	10	0
Negative Points	-10	-10	0
Total Points	130	100	60.5

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.