

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
September 16, 2015
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Devon King

Applicant: California Housing Finance Agency

Allocation Amount Requested:
Tax-exempt: \$31,000,000

Project Information:
Name: Woodglen Vista Apartments
Project Address: 10450 N. Magnolia Avenue
Project City, County, Zip Code: Santee, San Diego, 92071

Project Sponsor Information:
Name: Woodglen Vista Housing Partners, L.P. (JHC Woodglen, LLC)
Principals: Laura Archuleta, Marcy Finamore, Welton Smith, Mary Jo Goeizer, George Searcy for Jamboree Housing Corporation
Property Management Company: EPMI, A Bayside Company

Project Financing Information:
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Underwriter: JP Morgan & Chase Bank, N.A.
Credit Enhancement Provider: California Housing Finance Agency/HUD Risk Share
Private Placement Purchaser: Not Applicable
TEFRA Adoption Date: August 7, 2015

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 187, plus 1 manager unit
Type: Acquisition and Rehabilitation
Type of Units: Family

The proposed project is an existing development built in 1980 in Santee, California. Existing improvements include 8 residential buildings and 1 community room/leasing office situated on approximately 9 acres of land and existing ongrade parking. The development will rehabilitate 188 one, two, and three-bedroom apartments for families below 60% of the Area Median Income. There is an existing Project-Based HAP contract for each of the 188 units which would provide tenant referrals at or below 30% AMI. The Woodglen Vista Apartments were originally built as a two story Type-V walk-up community. A comprehensive lead-based paint study indicated the presence of Lead-Based Paint on 3 exterior concrete parking bumper treads. The report recommends replacement utilizing "lead-safe" procedures in the case of a renovation. The Asbestos report indicates the presence of non-friable ACMs in the Flooring, Flooring Mastic, Mastic on Ducting, Roofing Mastic, and Tape on HVAC duct. Funds were budgeted for the remediation of these hazardous materials. The general scope of work for the rehabilitation includes: Seal Stucco/Exterior Repaint, termite damage repair, New HVAC Units, new green carpet and/or Bamboo (or similar sustainable material) flooring, New Kitchen and bathroom cabinets, energy star rated appliances, new roof, Solar Thermal Water Heating, LED fixtures, new drought-resistant foliage and landscaping, conversion to accessible walkways and ramps as applicable.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
21% (39 units) restricted to 50% or less of area median income households.
79% (148 units) restricted to 60% or less of area median income households.
Unit Mix: 1, 2 & 3 bedrooms

The project in partnership with Housing with Heart will provide an afterschool program along with a bona fide service coordinator.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$ 38,329,547	
Estimated Hard Costs per Unit:	\$ 44,110	(\$8,248,597 /187 units)
Estimated per Unit Cost:	\$ 204,971	(\$38,329,547 /187 units)
Allocation per Unit:	\$ 165,775	(\$31,000,000 /187 units)
Allocation per Restricted Rental Unit:	\$ 165,775	(\$31,000,000 /187 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 31,000,000	\$ 24,600,000
Deferred Developer Fee	\$ 1,784,994	\$ 0
LIH Tax Credit Equity	\$ 1,948,311	\$ 10,963,000
Other (Deferred Costs)	\$ 829,695	\$ 0
Other(Interim Rental Income)	\$ 2,766,547	\$ 2,766,547
Total Sources	\$ 38,329,547	\$ 38,329,547

Uses of Funds:	
Acquisition/Land Purchase	\$ 19,520,000
On & Off Site Costs	\$ 299,980
Hard Construction Costs	\$ 7,948,607
Architect & Engineering Fees	\$ 100,000
Contractor Overhead & Profit	\$ 970,000
Developer Fee	\$ 2,500,000
Relocation	\$ 574,000
Legal	\$ 200,000
Reserves	\$ 677,715
Construction and Permanent Financing	\$ 2,775,250
Hard Cost Contingency	\$ 1,100,000
Other Soft Costs (Marketing, etc.)	\$ 1,663,995
Total Uses	\$ 38,329,547

Description of Financial Structure and Bond Issuance:

The proposed financial structure for the project will be a credit enhanced public bond sale using the HUD Risk share program with JPMorgan & Chase Bank as the bond underwriter. During the construction financing phase the loan term will be for 18 months with a fixed interest rate of 5.30% plus a 25 basis point compliance and Mortgage Insurance Premium. During the permanent financing phase, the loan term will be for 35 years with an amortization period of 35 years at a fixed rate of 5.75%. The underwritten rate will be a 25 basis point compliance and Mortgage Insurance Premium)

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: 74.4 out of 130
[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$31,000,000 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	30
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Federally Assisted At-Risk Project or HOPE VI Project]	[10]	[10]	9.4
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	10
Service Amenities	10	10	10
New Construction	10	10	0
Sustainable Building Methods	10	10	10
Negative Points	-10	-10	0
Total Points	130	100	74.4

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.