

**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*

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**Applicant:** California Municipal Finance Authority

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**Allocation Amount Requested:**  
**Tax-exempt:** \$7,000,000

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**Project Information:**  
**Name:** Briarcrest and Rosecrest Apartments  
**Project Address:** 11681 and 11762 Stuart Drive  
**Project City, County, Zip Code:** Garden Grove, Orange, 92483

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**Project Sponsor Information:**  
**Name:** JHC-Acquisitions LLC (Jamboree Housing Corporation)  
**Principals:** Laura Archuleta, Marcy Finamore, Mary Jo Goeizer, Welton Smith, George Searcy  
**Property Management Company:** MPMS, Inc.

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**Project Financing Information:**  
**Bond Counsel:** Orrick, Herrington & Sutcliffe LLP  
**Private Placement Purchaser:** JPMorgan and Chase Bank, N.A  
**TEFRA Adoption Date:** July 28, 2015

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**Description of Proposed Project:**  
**State Ceiling Pool:** General  
**Total Number of Units:** 40, plus 1 manager unit  
**Type:** Acquisition and Rehabilitation  
**Type of Units:** Family

Briarcrest and Rosecrest apartments are two scattered site rehabilitation projects located in the City of Garden Grove. This development will continue to provide approximately 41 studio to three bedroom apartments for families earning at or below 60% of the Area Median Income. Briarcrest (Site 1) consists of 32 studio, one, two, and three bedroom units total. Rosecrest (Site 2) consists of ten one and two bedroom units. The manager's unit will be located at the Briarcrest location. The project currently features five two-story buildings, three laundry facilities, two pools, and an outdoor tot lot. A combination of covered and uncovered parking spaces are provided for residents. The new design anticipates upgrades to allow for compliance with ADA requirements, new countertops, sinks, gas-fired furnances, new appliances, and carpet flooring. Common area renovations will include roof repair, exterior wall repair, and parking lot repair, there will also be the construction of a tot lot, a community building, and the reconfiguration of one studio unit as a leasing office. The planned construction date is December 2015, and it is scheduled to be completed in May 2016.

**Description of Public Benefits:**

**Percent of Restricted Rental Units in the Project:** 100%  
25% (10 units) restricted to 50% or less of area median income households.  
75% (30 units) restricted to 60% or less of area median income households.  
**Unit Mix:** Studio, 1, 2 & 3 bedrooms

The project will provide instructor led educational, health, and wellness or skill building classes

**Term of Restrictions:**

**Income and Rent Restrictions:** 55 years

**Details of Project Financing:**

<b>Estimated Total Development Cost:</b>	\$ 13,966,185	
<b>Estimated Hard Costs per Unit:</b>	\$ 80,069	(\$3,202,779 /40 units)
<b>Estimated per Unit Cost:</b>	\$ 349,155	(\$13,966,185 /40 units)
<b>Allocation per Unit:</b>	\$ 175,000	(\$7,000,000 /40 units)
<b>Allocation per Restricted Rental Unit:</b>	\$ 175,000	(\$7,000,000 /40 restricted units)

<b>Sources of Funds:</b>	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 7,000,000	\$ 2,470,167
LIH Tax Credit Equity	\$ 913,340	\$ 4,566,700
Other (Subordinate Loan)	\$	\$ 410,000
Other(NOI)	\$ 143,191	\$ 143,191
Direct and Indirect Public Funds	\$ 123,896	\$ 123,896
Other(Seller Note)	\$ 5,474,192	\$ 5,474,192
Other(Deferred Developer Fee)	\$ 311,566	\$ 778,039
<b>Total Sources</b>	<b>\$ 13,966,185</b>	<b>\$ 13,966,185</b>

<b>Uses of Funds:</b>	
Acquisition/Land Purchase	\$ 7,105,000
Rehabilitation Costs	\$ 3,688,373
Developer Overhead and Profit	\$ 1,500,000
Architectural	\$ 65,000
Survey & Engineering	\$ 55,000
Contingency Costs	\$ 482,039
Legal Fees	\$ 110,000
Const. & Perm. Financing	\$ 413,222
Reserves	\$ 104,051
Soft Costs (3rd Party Rpts., Marketing, Furn., etc.)	\$ 443,500
<b>Total Uses</b>	<b>\$ 13,966,185</b>

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**Description of Financial Structure and Bond Issuance:**

The proposed financial structure will be a private placement purchase by JP Morgan and Chase Bank, N.A. During the construction financing phase the loan term will be for a period of 24 months with a floating interest rate equal to a 30 day LIBOR plus 150 basis points. During the permanent financing the the loan term will be 18 years with an 30 year amortization period not to exceed an 10 year interest rate swap plus 2.42%.

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**Analyst Comments:**

Not Applicable

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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:** 57 out of 130

[See Attachment A]

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**Recommendation:**

Staff recommends that the Committee approve \$7,000,000 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	33
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Federally Assisted At-Risk Project or HOPE VI Project]	[10]	[10]	0
Gross Rents	5	5	5
Large Family Units	5	5	0
Leveraging	10	10	1
Community Revitalization Area	15	15	0
Site Amenities	10	10	5
Service Amenities	10	10	5
New Construction	10	10	0
Sustainable Building Methods	10	10	8
Negative Points	-10	-10	0
<b>Total Points</b>	<b>130</b>	<b>100</b>	<b>57</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.