

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
March 16, 2016
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Devon King

Applicant: California Municipal Finance Authority

Allocation Amount Requested:
Tax-exempt: \$9,873,929

Project Information:
Name: Jardin de Las Rosas Apartments
Project Address: 510 and 520 North Salsipuedes Street and 601 East Haley Street
Project City, County, Zip Code: Santa Barbara, Santa Barbara, 93103

Project Sponsor Information:
Name: Jardin De Las Rosas, L.P. (Peoples' Self Help Housing Corporation)
Principals: Carolyn Johnson, Dave Gustafson, John Fowler, Annette Montoya, Kenneth Trigueiro for Peoples' Self Help Housing Corporation
Property Management Company: The Duncan Group

Project Financing Information:
Bond Counsel: Jones Hall, A Professional Law Corporation
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Private Placement Purchaser: Union Bank N.A.
TEFRA Noticing Date: October 29, 2015
TEFRA Adoption Date: November 10, 2015

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 39, plus 1 manager unit
Type: New Construction
Type of Units: Family

The Jardin de Las Rosas project is a proposed 100% affordable new construction housing development that is located on a .94 acre site in the City of Santa Barbara California, that consists of three separate parcels that have been merged. The proposed project site will consist of one three-story building containing one-story flats. All three floors will receive elevator service. The first floor will include a parking garage and community center. The proposed 3,300 square-foot community center includes a multi-purpose room, a commercial kitchen, office spaces, classrooms, a laundry room, storage space and mechanical rooms. The proposed project consists of 5 one-bedroom apartment units, 22 two-bedroom apartments, and 13 three-bedroom units of living space. The development provides rental opportunities for a mix of units at 45%, 50% and 60% of area median income which are spread across unit sizes. Forty-Six covered parking spaces will be provided and the development will include a play area for children and a BBQ and picnic area for resident use. On site programming and supportive services will also be provided. Construction is anticipated to commence in March, 2016, with a completion date of May 2017.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%

41% (16 units) restricted to 50% or less of area median income households.

59% (23 units) restricted to 60% or less of area median income households.

Unit Mix: 1, 2 & 3 bedrooms

The project will provide a bona fide service coordinator and health and wellness services and programs

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$	18,331,686	
Estimated Hard Costs per Unit:	\$	265,735	(\$10,363,681 /39 units)
Estimated per Unit Cost:	\$	470,043	(\$18,331,686 /39 units)
Allocation per Unit:	\$	253,178	(\$9,873,929 /39 units)
Allocation per Restricted Rental Unit:	\$	253,178	(\$9,873,929 /39 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 9,873,929	\$ 2,759,500
Sponsor Loan	\$ 5,213,377	\$ 5,237,323
LIH Tax Credit Equity	\$ 664,188	\$ 6,509,096
Developer Equity	\$ 100	\$ 100
Deferred Interest During Construction	\$ 25,667	\$ 25,667
City of Santa Barbara Redevelopment Agency	\$ 0	\$ 2,000,000
Santa Barbara Housing Trust Fund	\$ 400,000	\$ 400,000
City of Santa Barbara HOME	\$ 585,000	\$ 1,400,000
Total Sources	\$ 16,762,261	\$ 18,331,686

Uses of Funds:	
Land Cost/Acquisition	\$ 2,243,177
Construction Interest & Fees	\$ 745,375
New Construction	\$ 11,596,420
Architectural Fees	\$ 592,190
Permanent Financing	\$ 25,000
Legal Fees	\$ 50,000
Reserves	\$ 108,030
Contingency Costs	\$ 493,509
Appraisal	\$ 15,000
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 495,290
Developer Costs	\$ 1,967,695
Total Uses	\$ 18,331,686

Description of Financial Structure and Bond Issuance:

The proposed financial structure will be a private placement for Union Bank N.A. During the construction financing phase the loan term will be for 20 months with a variable interest rate of 65% of the 30 day LIBOR rate plus 3.0%. During the permanent financing phase, the loan will be split into two separate tranches, A and B, for which the term will be for 15 years with an amortization period of 30 years at a fixed rate of 5.25%.

Analyst Comments:

None

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: 87.5 out of 140

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$9,873,929 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
Preservation Project	20	20	0
Exceeding Minimum Income Restrictions:	35	15	35
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	10
Gross Rents	5	5	5
Large Family Units	5	5	5
Leveraging	10	10	10
Community Revitalization Area	5	5	0
Site Amenities	10	10	7.5
Service Amenities	10	10	5
New Construction or Substantial Renovation	10	10	10
Sustainable Building Methods	10	10	0
Forgone Eligible Developer Fee (Competitive Allocation Process Only)	10	10	0
Minimum Term of Restrictions (Competitive Allocation Process Only)	10	10	0
Negative Points (No Maximum)	-10	-10	0
Total Points	140	120	87.5

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.