

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
September 21, 2016
REVISED Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Louise Eller

Applicant: California Statewide Communities Development Authority

Allocation Amount Requested:
Tax-exempt: \$13,600,000

Project Information:
Name: Triangle Terrace Apartments
Project Address: 555 S. Shaffer Street
Project City, County, Zip Code: Orange, Orange, 92866

Project Sponsor Information:
Name: Triangle Terrace Affordable, L.P. (Orange Senior Housing, Inc. and Triangle Terrace ALP, LLC)
Principals: Jack Sappington for Orange Senior Housing and Ken Reiner for Triangle Terrace ALP, LLC
Property Management Company: Living Opportunities Management Company (LOMCO)

Project Financing Information:
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Private Placement Purchaser: Citibank, N.A.
Public Sale: Not Applicable
Underwriter: Not Applicable
TEFRA Noticing Date: June 28, 2016
TEFRA Adoption Date: July 12, 2016

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 73, plus 2 restricted manager units
Type: Acquisition and Rehabilitation
Type of Units: Senior Citizens

Triangle Terrace Apartments is an existing project located in Orange on a 3.4 acre lot. The project consists of 75 restricted rental units. The project has 19 studios and 56 one-bedroom units. The scope of the rehabilitation will include an extensivelandscaping remodel. The parking lot will be resealed and striped and concrete modifications will improve site accessibility. All site lighting will be replaced with energy efficient upgrades. The building exterior will receive new siding, stucco, paint, energy efficient windows, roofing, gutters/downspouts and a new enclosure for a generator, which shall be added as a source of back-up power for the elevator. All common areas within the building (including, lobbies, corridors, offices and community room) shall receive new flooring, energy efficient lighting paint and signage. All furnishings within the common areas of the building shall be replaced and a computer-learning center will be added within the community space. 3 HVAC condensers will be replaced. Units interiors will receive new kitchen and bathroom cabinets, countertops, vinyl flooring, energy efficient lighting, appliances and plumbing fixtures. A new code compliant fire sprinkler and alarm system will be added to improve safety systems. The rehabilitation started June 2016 and is expected to complete February 2017.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
47% (34 units) restricted to 50% or less of area median income households.
56% (41 units) restricted to 60% or less of area median income households.
Unit Mix: Studio & 1 bedroom

The proposed project will not be providing service amenities.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$ 22,160,700	
Estimated Hard Costs per Unit:	\$ 32,089	(\$2,342,492 /75 units)
Estimated per Unit Cost:	\$ 295,476	(\$22,160,700 /75 units)
Allocation per Unit:	\$ 186,301	(\$13,600,000 /75 units)
Allocation per Restricted Rental Unit:	\$ 181,333	(\$13,600,000 /75 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 13,600,000	\$ 13,600,000
LIH Tax Credit Equity	\$ 5,912,456	\$ 6,757,092
Deferred Developer Fee	\$ 3,606	\$ 3,606
Purchase Reserves	\$ 300,000	\$ 300,000
Seller Carryback Loan	\$ 1,500,000	\$ 1,500,000
Total Sources	\$ 21,316,062	\$ 22,160,698
 Uses of Funds:		
Land Cost/Acquisition	\$ 14,590,750	
Rehabilitation	\$ 3,049,960	
Relocation	\$ 47,500	
Contractor Overhead	\$ 46,850	
Architectural Fees	\$ 75,000	
Survey and Engineering	\$ 78,689	
Construction Interest and Fees	\$ 441,853	
Legal Fees	\$ 80,000	
Reserves	\$ 340,110	
Appraisal	\$ 8,100	
Contingency Cost	\$ 306,406	
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 595,481	
Developer Costs	\$ 2,500,000	
Total Uses	\$ 22,160,699	

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:

75 out of 140

[See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$13,600,000 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
Preservation Project	20	20	20
Exceeding Minimum Income Restrictions:	35	15	35
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	0
Gross Rents	5	5	5
Large Family Units	5	5	0
Leveraging	10	10	0
Community Revitalization Area	5	5	0
Site Amenities	10	10	5
Service Amenities	10	10	0
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	110	75

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.