

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
September 28, 2011
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Richard Fischer

Applicant: County of Orange

Allocation Amount Requested:
Tax-exempt: \$16,000,000

Project Information:
Name: San Clemente Senior Apartments
Project Address: 2350 South El Camino Real
Project City, County, Zip Code: San Clemente, Orange, 91303

Project Sponsor Information:
Name: SC Senior Apartments, L.P. (Western Community Housing, Inc. and SC Senior Apartments, LLC [Meta Housing Corporation])
Principals: Graham Espley Jones, Leanne Truofreh and Sandy Gibbons for Western Community Housing and John M. Huskey, George Russo for Meta Housing Corporation.
Property Management Company: Western Seniors Housing

Project Financing Information:
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Credit Enhancement Provider: Not Applicable
Private Placement Purchaser: Wells Fargo Bank, N.A. for construction and California Community Reinvestment Corporation for permanent
TEFRA Hearing Date: June 21, 2011

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 75, plus 1 manager unit
Type: New Construction
Type of Units: Senior Citizens

The Project will be a new construction 76 one and two- bedroom rental apartments for a very low- and low-income seniors on a 2 acre lot in San Clemente. Sixty-one units are one-bedroom and the remaining 15 units are two bedrooms. Features of the Project are a large courtyard with a water feature, a large community room, a computer and multi-media room, outdoor barbecues and tables, communal kitchen, library, laundry room and mail room. Spanish style architecture with landscaping. Access controlled and entirely fenced for security with 87 subterranean parking spaces.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
100% (75 units) restricted to 50% or less of area median income households.
Unit Mix: 1 & 2 bedrooms

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost: \$ 26,504,858
Estimated Hard Costs per Unit: \$ 147,341 (\$11,050,600 /75 units)
Estimated per Unit Cost: \$ 353,398 (\$26,504,858 /75 units)
Allocation per Unit: \$ 213,333 (\$16,000,000 /75 units)
Allocation per Restricted Rental Unit: \$ 213,333 (\$16,000,000 /75 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 16,000,000	\$ 4,680,519
Developer Equity	\$ 515,494	\$ 368,497
LIH Tax Credit Equity	\$ 2,948,564	\$ 8,935,042
Direct & Indirect Public Funds	\$ 7,040,800	\$ 12,520,800
Total Sources	<u>\$ 26,504,858</u>	<u>\$ 26,504,858</u>

Uses of Funds:	
Land Purchase	\$ 3,500,000
Hard Construction Costs	\$ 11,050,600
Architect & Engineering Fees	\$ 1,172,348
Contractor Overhead & Profit	\$ 1,547,084
Developer Fee	\$ 1,200,000
Cost of Issuance	\$ 300,000
Capitalized Interest	\$ 864,000
Other Soft Costs (Marketing, etc.)	\$ 6,870,826
Total Uses	<u>\$ 26,504,858</u>

Description of Financial Structure and Bond Issuance:

Bond transaction is a private placement, with Well Fargo Bank as the the construction lender with a underwritten rate of 4.09 %, permanent lender is California Community Reinvestment Corporation with a current indicative rate of 6.10% and term of 55 years.

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:

75 out of 118

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$16,000,000 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	35
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	10
Community Revitalization Area	15	15	0
Site Amenities	10	10	5
Service Amenities	10	10	0
New Construction	10	10	10
Sustainable Building Methods	8	8	0
Negative Points	-10	-10	0
Total Points	118	98	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.