

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
January 18, 2012
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Annie Ong

Applicant: Anaheim Housing Authority

Allocation Amount Requested:
Tax-exempt: \$12,500,000

Project Information:
Name: The Crossings at Cherry Orchard
Project Address: 2748 W Lincoln Ave.
Project City, County, Zip Code: Anaheim, Orange, 92801

Project Sponsor Information:
Name: UHC 00190 Anaheim, L.P. (Anaheim Supportive Housing for Senior Adults, Inc. and UHC 00190 Anaheim Holdings, LLC)
Principals: Anaheim Supportive Housing for Senior Adults, Inc.: Jimmy E. Gaston, Harold K. Ramey, and David P. Owen
UHC 00190 Anaheim Holdings, LLC: Douglas R. Bigley, John F. Bigley, and David H. Bigley
Property Management Company: Hyder & Company

Project Financing Information:
Bond Counsel: Stradling, Yocca, Carlson & Rauth
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Private Placement Purchaser: JPMorgan Chase Bank, NA
TEFRA Hearing Date: December 6, 2011

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 44, plus 1 manager unit
Type: New Construction
Type of Units: Family

The Crossings at Cherry Orchard (the "Project") will offer 45 apartments homes for large families. The Project is situated on 1.7 acres of land and will be comprised of 3 buildings. There are buildings currently on the Project site and will be demolished. The Project will be enclosed by a perimeter fence with an electronically-controlled automobile gate and locked pedestrian gates. There will also be surface parking for 75 cars and over 50 trees will be planted to provide natural cooling and enhanced air quality to the community. Half of the Project site within the 100-year flood plan established by FEMA. Site work will include fill and compaction to raise the site above the flood plain and eventually have the site removed from the flood plain. The Project will have a community center divided into a television lounge, table activity area, tech center, kitchen, flex space, management office, and a laundry room. A portion of the units will be reserved for homeless patrons.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
20% (9 units) restricted to 50% or less of area median income households.
80% (35 units) restricted to 60% or less of area median income households.
Unit Mix: 1, 2 & 3 bedrooms

Service amenities will not be offered.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$ 20,832,565	
Estimated Hard Costs per Unit:	\$ 196,133	(\$8,629,843 /44 units)
Estimated per Unit Cost:	\$ 473,467	(\$20,832,565 /44 units)
Allocation per Unit:	\$ 284,091	(\$12,500,000 /44 units)
Allocation per Restricted Rental Unit:	\$ 284,091	(\$12,500,000 /44 restricted units)

The Project has total project costs that appear high for the geographic area in which it is located. According to the Project sponsor, the high cost is due to the following: site preparation, impact fees, hard cost contingency, engineering fees to process a Letter of Map Revision with FEMA, HOME regulations to dampen environmental noise, and the Project's moderate size.

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 12,500,000	\$ 3,917,838
Deferred Developer Fee	\$ 0	\$ 367,500
LIH Tax Credit Equity	\$ 1,442,053	\$ 5,768,213
Direct & Indirect Public Funds	\$ 5,942,712	\$ 5,942,712
Other (MHP Loan, AHP subsidy)	\$ 947,800	\$ 4,836,302
Total Sources	\$ 20,832,565	\$ 20,832,565
Uses of Funds:		
Land Purchase	\$ 5,942,712	
On & Off Site Costs	\$ 1,076,166	
Hard Construction Costs	\$ 7,553,677	
Architect & Engineering Fees	\$ 669,664	
Contractor Overhead & Profit	\$ 185,634	
Developer Fee	\$ 1,200,000	
Cost of Issuance	\$ 180,710	
Capitalized Interest	\$ 584,000	
Other Soft Costs (Marketing, etc.)	\$ 3,440,002	
Total Uses	\$ 20,832,565	

Description of Financial Structure and Bond Issuance:

The Crossings at Cherry Orchard will be financed by JPMorgan Chase Bank, N.A. through private placements tax-exempt bonds. The applicable interest rate for the construction loan (\$12,500,000) shall be one-month LIBOR times the Bank's tax exempt factor of 70.88% plus 184 bps, adjusted monthly on a 360 day basis. Maturity is 24 months and is subject to any extension option. The applicable interest rate for the Tranche A permanent loan (\$1,109,763) shall be 10-year interest rate swap plus 3.25% and locked at construction loan closing. The rate, if the loan were to be funded today, would be approximately 5.45%. Tranche A is based on 30 year amortization, commencing upon conversion to permanent loan. The applicable interest rate for the Tranche B permanent loan shall be 10-year interest rate swap plus 3.15% and locked at construction loan closing. The rate, if the loan were to be funded today, would be approximately 5.35%. Tranche B is based on 15 year amortization, commencing upon conversion to permanent loan.

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 \$12,500,000 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]	10
Gross Rents	5	5	0
Large Family Units	5	5	5
Leveraging	10	10	10
Community Revitalization Area	15	15	0
Site Amenities	10	10	10
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.