

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
September 26, 2012
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Crystal Alvarez

Applicant: Anaheim Housing Authority

Allocation Amount Requested:
Tax-exempt: \$36,360,000

Project Information:
Name: Anton Monaco Apartments
Project Address: 1881 West Lincoln Avenue
Project City, County, Zip Code: Anaheim, Orange, 92801

Project Sponsor Information:
Name: Monaco Anaheim, L.P. (Anton Monaco, LLC and Pacific Housing, Inc.)
Principals: Steven L. Eggert and Peter Geremia for Anton Monaco, LLC; Mark Wiese for Pacific Housing, Inc.
Property Management Company: St. Anton Management, Inc.

Project Financing Information:
Bond Counsel: Stradling, Yocca, Carlson & Rauth
Private Placement Purchaser: Citibank, N.A. / St. Anton Investor's, LLC
TEFRA Hearing Date: August 21, 2012

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 229, plus 3 manager units
Type: New Construction
Type of Units: Family

The Anton Monaco Apartments will be a new construction, affordable, multifamily rental project consisting of 232 units on 9.53 acres. The Project will have 66 one bedroom units, 124 two bedroom units, 42 three bedroom units and 3 manager units. There will be a total of 14 buildings; 11 three story buildings and one two story building, plus a community clubhouse and maintenance building. There will also be a resort style pool, tot-lot playground, BBQ area, activity room and fitness center. The Project will provide 24 very low-income units at 50% of area median income and 205 low-income units at 60% of area median income.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
10% (24 units) restricted to 50% or less of area median income households.
90% (205 units) restricted to 60% or less of area median income households.
Unit Mix: 1, 2 & 3 bedrooms

The Project Sponsor has committed to provide after-school programs and instructor-led educational, health and wellness or skill building classes for a period of 10 years free of charge.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost: \$ 51,942,957
Estimated Hard Costs per Unit: \$ 98,661 (\$22,593,449 /229 units)
Estimated per Unit Cost: \$ 226,825 (\$51,942,957 /229 units)
Allocation per Unit: \$ 158,777 (\$36,360,000 /229 units)
Allocation per Restricted Rental Unit: \$ 158,777 (\$36,360,000 /229 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 36,360,000	\$ 34,360,000
Taxable Debt Proceeds	\$ 5,400,000	\$ 0
LIH Tax Credit Equity	\$ 6,400,000	\$ 14,503,156
NOI During Lease Up	\$ 1,532,957	\$ 3,079,801
Total Sources	\$ 49,692,957	\$ 51,942,957
Uses of Funds:		
Acquisition/Land Purchase	\$ 13,600,000	
On & Off Site Costs	\$ 2,650,000	
Hard Construction Costs	\$ 19,943,449	
Architect & Engineering Fees	\$ 758,100	
Contractor Overhead & Profit	\$ 2,033,410	
Developer Fee	\$ 2,500,000	
Cost of Issuance	\$ 784,351	
Capitalized Interest	\$ 3,223,439	
Other Soft Costs (Marketing, etc.)	\$ 6,450,208	
Total Uses	\$ 51,942,957	

Description of Financial Structure and Bond Issuance:

The tax-exempt bonds will be privately placed with Citibank, N.A. and St. Anton Investors, LLC. The Citibank construction loan will purchase \$34,600,000 of the bonds at a variable rate equal to SIFMA plus a spread of 2.25%, including a 5bps servicing fee. Currently, SIFMA is trading at approximately 0.20%, for a current all-in rate of 2.45%. The permanent loan will be for a term of 15 years with an amortization of 35 years. The bonds will carry a fixed interest rate of the sum of the 17 year maturity "AAA" bond rates as published by Thompson Municipal Market Monitor plus a spread of 2.00%. Currently, MMD is 2.32% for a current indicate rate of 4.32%. The subordinate loan will be in the amount of \$2,000,000 and purchased by St. Anton Investors, LLC with an interest rate of 8% for the first three years, fully amortized in 30 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: 60 out of 130

[See Attachment A]

Recommendation:

Staff recommends a waiver of the \$30 million maximum allocation limit and approval of \$36,360,000 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	25
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	0
Community Revitalization Area	15	15	0
Site Amenities	10	10	5
Service Amenities	10	10	10
New Construction	10	10	10
Sustainable Building Methods	10	10	5
Negative Points	-10	-10	0
Total Points	130	100	60

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.