

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
November 14, 2012
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Richard Fischer

Applicant: Housing Authority of the City of Santa Ana

Allocation Amount Requested:
Tax-exempt: \$30,000,000

Project Information:
Name: Washington Place (aka Wycliffe Plaza) Apartments
Project Address: 1401 North Flower Street
Project City, County, Zip Code: Santa Ana, Orange, 92706

Project Sponsor Information:
Name: Washington Place Partners, L.P. (Washington Place Management, LLC and Hearthstone Housing Foundation, Inc.)
Principals: Stephen Whyte for Washington Place Management, LLC and Socorro Vasquez and David Beacham for Hearthstone Housing Foundation, Inc.
Property Management Company: USRG (California) Inc.

Project Financing Information:
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Private Placement Purchaser: Citibank, N.A.
TEFRA Hearing Date: August 8, 2012

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 198, plus 2 manager units
Type: Acquisition and Rehabilitation
Type of Units: Senior Citizens

This 13 story 200 unit acquisition rehabilitation project is located 1401 North Flower Street in Santa Ana. All the units are 1 bedroom. Each unit has a balcony, bathroom, kitchen, bedroom and sitting area. The Project currently has and will continue to provide amenities such as food delivery, game room, reading area meeting room, service coordinator along with arranged transportation to various off site destinations.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
30% (60 units) restricted to 50% or less of area median income households.
70% (138 units) restricted to 60% or less of area median income households.
Unit Mix: 1 bedroom

Service Amenities will include contract for services such as assistance with daily living activities, or provision of Senior counseling services and will contract with a bona fide service coordinator/social worker.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$	42,050,000	
Estimated Hard Costs per Unit:	\$	20,202	(\$4,000,000 /198 units)
Estimated per Unit Cost:	\$	212,374	(\$42,050,000 /198 units)
Allocation per Unit:	\$	151,515	(\$30,000,000 /198 units)
Allocation per Restricted Rental Unit:	\$	151,515	(\$30,000,000 /198 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 30,000,000	\$ 25,200,000
Developer Equity	\$ 2,500,000	\$ 2,350,000
LIH Tax Credit Equity	\$ 8,300,000	\$ 13,250,000
Other (Seller Carryback Loan)	\$ 1,250,000	\$ 1,250,000
Total Sources	\$ 42,050,000	\$ 42,050,000

Uses of Funds:	
Acquisition/Land Purchase	\$ 31,000,000
On & Off Site Costs	\$ 250,000
Hard Construction Costs	\$ 3,750,000
Architect & Engineering Fees	\$ 75,000
Contractor Overhead & Profit	\$ 560,000
Developer Fee	\$ 2,500,000
Relocation	\$ 200,000
Cost of Issuance	\$ 515,000
Capitalized Interest	\$ 400,000
Other Soft Costs (Marketing, etc.)	\$ 2,800,000
Total Uses	\$ 42,050,000

Description of Financial Structure and Bond Issuance:

Construction and permanent financing will be provided through Citibank. Citibank has provided a commitment for the construction loan and permanent loans to the borrower in the amount of \$30,000,000 and \$25,200,000 respectively. The construction loan will be for 42 months and the permanent loan will amortize over a 35 year period. The project also has a Freddie Mac direct pay credit enhancement facility. Currently the project is qualified for a 17 year 'AAA' MMD, with a current rate of 4.27 % including the 5 bps servicing fee.

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 that the Committee approve \$30,000,000 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]	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	10
Service Amenities	10	10	10
New Construction	10	10	0
Sustainable Building Methods	10	10	0
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.