

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: California Housing Finance Agency

Allocation Amount Requested:
Tax-exempt: \$11,500,000

Project Information:
Name: Villa Anaheim Apartments
Project Address: 3301-3309 West Lincoln Avenue
Project City, County, Zip Code: Anaheim, Orange, 92801

Project Sponsor Information:
Name: Anaheim Affordable II, L.P. (Affordable Housing Alliance II, Inc. and Bongate, LLC)
Principals: Anjela Ponce, Philip Wood and Dawn Allen for Affordable Housing Alliance II, Inc. and Graham Espley-Jones and Patricia Espley-Jones for Bongate, LLC
Property Management Company: Western Seniors Housing, Inc.

Project Financing Information:
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Underwriter: Not Applicable
Credit Enhancement Provider: California Housing Finance Agency
Private Placement Purchaser: US Treasury NIBP
TEFRA Hearing Date: September 5, 2012

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 134, plus 1 manager unit
Type: Acquisition and Rehabilitation
Type of Units: Senior Citizens

Built in 1994, the project contains 135 total units in five two-story, elevator-served buildings. The majority of the units are 1-bedroom with only 4 two-bedroom units. Each unit features central air conditioning, refrigerator, range/oven, garbage disposal, patio/balcony, front screen doors, grab bars and fire sprinklers. The common area amenities include a pool/spa, club house with a kitchen, game room, TV., secured mail, restrooms, leasing and management office, fitness center, computer center, gardening area, common laundries, elevators and Wi-Fi. Security includes access gates, full perimeter fencing, security cameras and deadbolts.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
35% (47 units) restricted to 50% or less of area median income households.
65% (87 units) restricted to 60% or less of area median income households.
Unit Mix: 1 & 2 bedrooms

Service amenity included is instructor-led educational, health and wellness or skill building classes.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$	22,324,207	
Estimated Hard Costs per Unit:	\$	30,224	(\$4,050,000 /134 units)
Estimated per Unit Cost:	\$	166,599	(\$22,324,207 /134 units)
Allocation per Unit:	\$	85,821	(\$11,500,000 /134 units)
Allocation per Restricted Rental Unit:	\$	85,821	(\$11,500,000 /134 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 11,500,000	\$ 8,320,000
Seller Note	\$ 4,755,000	\$ 4,755,000
Deferred Developer Fee	\$ 0	\$ 790,000
Low Income Housing Tax Credits	\$ 4,396,927	\$ 6,786,927
Other	\$ 811,798	\$ 811,798
Total Sources	\$ 21,463,725	\$ 21,463,725

Uses of Funds:	
Acquisition/Land Purchase	\$ 11,800,000
Rehabilitation Costs	\$ 4,775,274
Relocation	\$ 282,000
Architectural	\$ 159,500
Survey & Engineering	\$ 148,500
Contingency Costs	\$ 430,000
Construction Period Expenses	\$ 207,000
Permanent Financing Expenses	\$ 240,674
Legal Fees	\$ 175,000
Capitalized Reserves	\$ 481,760
Reports & Studies	\$ 44,900
Other (Marketing, etc.)	\$ 219,117
Developer Costs	\$ 2,500,000
Total Uses	\$ 21,463,725

Description of Financial Structure and Bond Issuance:

This is a CalHFA New Bond Issuance Program project. The proposed financial structure is a 12 month interest only acquisition/rehabilitation loan in the amount of \$11,500,000 along with permanent loan in the amount of \$9,000,000, amortized for 35 years, with a maturity date of 16 years. The initial interest rate for both loans is 5.05%.

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: 63 out of 130

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$11,500,000 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	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	5
New Construction	10	10	0
Sustainable Building Methods	10	10	8
Negative Points	-10	-10	0
Total Points	130	100	63

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.