

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: Narisha Bonakdar

Applicant: California Housing Finance Agency

Allocation Amount Requested:
Tax-exempt: \$13,650,000

Project Information:
Name: Vintage at Stonehaven
Project Address: 5305 Stonehaven Drive
Project City, County, Zip Code: Yorba Linda, Orange, 91910

Project Sponsor Information:
Name: Yorba Linda 610, L.P. (USA Yorba Linda 610, Inc. and Riverside Charitable Corporation)
Principals: Geoffrey Brown, Edward Herzog, Michael McCleery, Karen McCurdy, Darren Bobrowsky, and Valerie Silva (USA Yorba Linda 610, Inc.); Ken Robertson, Craig Gillett, Penny LaRue, Stewart Hall, Trisha Hockings, Gregg Rogers (Riverside Charitable Corporation)
Property Management Company: USA Multifamily Management, Inc.

Project Financing Information:
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Private Placement Purchaser: US Treasury (NIBP)
TEFRA Hearing Date: August 29, 2012

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 124, plus 1 manager unit
Type: Acquisition and Rehabilitation
Type of Units: Senior Citizens

Vintage at Stonehaven Apartments is a proposed acquisition and rehabilitation of an existing 124-unit senior development located in the City of Yorba Linda. The property consists of 100 one-bedroom units and 24 two-bedroom units in a garden-style setting. All of the units will be income-restricted to households earning between 40 and 60 percent of Area Median Income. Each unit will include central heating and air conditioning, standard appliances, and a patio/balcony. The property will include a community room with a library, a barbecue and picnic area, a rose garden, and a swimming pool and spa.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
26% (32 units) restricted to 50% or less of area median income households.
74% (92 units) restricted to 60% or less of area median income households.
Unit Mix: Studio & 1 bedroom

The property will include an onsite bona fide service coordinator or social worker and educational classes free of charge to residents.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost: \$ 21,811,988
Estimated Hard Costs per Unit: \$ 20,472 (\$2,538,469 /124 units)
Estimated per Unit Cost: \$ 175,903 (\$21,811,988 /124 units)
Allocation per Unit: \$ 110,081 (\$13,650,000 /124 units)
Allocation per Restricted Rental Unit: \$ 110,081 (\$13,650,000 /124 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 13,650,000	\$ 13,650,000
Developer Equity	\$ 2,190,594	\$ 768,495
LIH Tax Credit Equity	\$ 3,620,059	\$ 5,544,782
Direct & Indirect Public Funds	\$ 518,181	\$ 518,181
Other: NOI during Construction	\$ 330,530	\$ 330,530
Other: Seller Carryback Financing	\$ 1,000,000	\$ 1,000,000
Total Sources	\$ 21,309,364	\$ 21,811,988

Uses of Funds:	
Acquisition/Land Purchase	\$ 14,250,000
On & Off Site Costs	\$ 358,916
Hard Construction Costs	\$ 2,179,553
Architect & Engineering Fees	\$ 30,000
Contractor Overhead & Profit	\$ 203,078
Developer Fee	\$ 2,190,594
Relocation	\$ 0
Cost of Issuance	\$ 399,389
Capitalized Interest	\$ 680,125
Other Soft Costs (Marketing, etc.)	\$ 1,520,333
Total Uses	\$ 21,811,988

Description of Financial Structure and Bond Issuance:

The financing for Vintage at Stonehaven will be provided through CalHFA's Preservation Loan Program. The financing structure will include the private placement of \$13,650,000 in tax-exempt private activity bonds provided by the US Treasury (NIBP) in conjunction with a credit enhancement from a CalHFA/HUD risk share agreement. The construction loan will be a 12-month interest-only loan at a fixed rate of 4.9%. The permanent loan will carry the same interest rate, with a 16-year loan term amortized over 30 years.

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: 64.6 out of 130

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$13,650,000 in tax exempt bond allocation on a carryforward basis.

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	32
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	2.6
Community Revitalization Area	15	15	0
Site Amenities	10	10	5
Service Amenities	10	10	10
New Construction	10	10	0
Sustainable Building Methods	10	10	10
Negative Points	-10	-10	0
Total Points	130	100	64.6

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.