

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
March 19, 2014
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Leslie J. Campaz

Applicant: Housing Authority of the City of Anaheim

Allocation Amount Requested:
Tax-exempt: \$15,000,000

Project Information:
Name: Village Center Apartments
Project Address: 200 E. Lincoln Ave.
Project City, County, Zip Code: Anaheim, Orange, 92805

Project Sponsor Information:
Name: Village Center Preservation LP (Village Center Cornucopia LLC; Village Center Preservation Partners LLC)
Principals: Irene Rivas and Yen Nguyen for Village Center Cornucopia; William I. Szymczak for Village Center Preservation Partners
Property Management Company: Preservation Partners Management Group, Inc.

Project Financing Information:
Bond Counsel: Stradling, Yocca, Carlson & Rauth
Credit Enhancement Provider: Not Applicable
Private Placement Purchaser: Citibank, N.A.
TEFRA Adoption Date: January 7, 2014

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 99, plus 1 manager unit
Type: Acquisition and Rehabilitation
Type of Units: Senior Citizens/Federally Assisted At-Risk

The proposed acquisition and rehabilitation project is an existing 100-unit senior housing facility located in the City of Anaheim. The project will target seniors earning up to 60% of the area median income. The unit mix will be comprised of 99 one-bedroom units and one manager's unit. As part of the renovation, unit finishes will be replaced including new flooring in kitchen and baths, new wood cabinets, solid surface countertops with integral sinks, plumbing, painting and light fixtures in the kitchens and bathrooms and new toilets and bath accessories in the bathrooms. All units will also receive new dual pane vinyl low-e windows and vertical blinds. Rehabilitation is anticipated to commence in July 2014 and be completed by December 2014.

Discription of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
10% (10 units) restricted to 50% or less of area median income households.
90% (89 units) restricted to 60% or less of area median income households.
Unit Mix: 1 bedroom

No service amenities are included.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$ 26,019,551	
Estimated Hard Costs per Unit:	\$ 34,084	(\$3,374,344 /99 units)
Estimated per Unit Cost:	\$ 262,823	(\$26,019,551 /99 units)
Allocation per Unit:	\$ 151,515	(\$15,000,000 /99 units)
Allocation per Restricted Rental Unit:	\$ 151,515	(\$15,000,000 /99 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 15,000,000	\$ 14,340,000
Taxable Debt Proceeds	\$ 0	\$ 0
Developer Equity	\$ 2,500,000	\$ 1,976,072
LIH Tax Credit Equity	\$ 8,125,201	\$ 9,309,129
Other (Net Operating Income)	\$ 394,350	\$ 394,350
Total Sources	\$ 26,019,551	\$ 26,019,551

Uses of Funds:	
Acquisition/Land Purchase	\$ 17,687,000
Hard Construction Costs	\$ 3,374,344
Architect & Engineering Fees	\$ 25,000
Contractor Overhead & Profit	\$ 228,519
Developer Fee	\$ 2,500,000
Relocation	\$ 215,000
Cost of Issuance	\$ 1,395,338
Capitalized Interest	\$ 544,350
Other Soft Costs (Marketing, etc.)	\$ 50,000
Total Uses	\$ 26,019,551

Description of Financial Structure and Bond Issuance:

The proposed project will be a private placement transaction provided by Citibank, N.A. The bonds will be issued by the Housing Authority of the City of Anaheim. The construction phase will be for a period of 24 months with a possible extension period of 6 months. The permanent financing loan will have a term of 30 years and will amortize over 35 years with a repayment of the loan in year 17 after closing. The interest rate that will be based on the 16 year LIBOR swap plus 1.80% (currently estimated to be at 5.5%).

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: 57.5 out of 130

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$15,000,000 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	20
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	7.5
Service Amenities	10	10	0
New Construction	10	10	0
Sustainable Building Methods	10	10	0
Negative Points	-10	-10	0
Total Points	130	110	57.5

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.