

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
July 20, 2016
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Devon King

Applicant:	California Municipal Finance Authority
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Allocation Amount Requested:	Tax-exempt: \$12,331,338
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Project Information:	Name: Village at Los Carneros Apartments
	Project Address: 11 Compass Lane, 6500 Sea Star Court, 10 Longshore Place, 6501 Cobble Lane
	Project City, County, Zip Code: Goleta, Santa Barbara, 93117

Project Sponsor Information:	Name: Villages at Los Carneros, L.P. (Peoples' Self Help Corporation)
	Principals: John Fowler, Annette Montoya, Kenneth Trigueiro for Peoples' Self Help Corporation
	Property Management Company: The Duncan Group

Project Financing Information:	Bond Counsel: Jones Hall, A Professional Law Corporation
	Underwriter: Not Applicable
	Credit Enhancement Provider: Not Applicable
	Private Placement Purchaser: JPMorgan Chase Bank N.A.
	TEFRA Noticing Date: March 21, 2016
	TEFRA Adoption Date: April 5, 2016

Description of Proposed Project:	State Ceiling Pool: General
	Total Number of Units: 69, plus 1 manager unit
	Type: New Construction
	Type of Units: Family

The Village at Los Cameros development is a new construction project with 70-units of permanently affordable multi-family rental apartments, located in Goleta California. The Village at Los Cameros design consists of four (4) three-story residential buildings with elevator service and includes 14 one-bedroom units, 25 two-bedroom units, and 30 three-bedroom units. One two-bedroom unit of the development is dedicated as residence for an on-site property manager. Unit amenities include central heating and air, blinds, carpet, refrigerator, stove/oven, dishwasher, and garbage disposal. Project amenities include provision of 146 uncovered parking spaces, a 3,578 squarefoot community room, a picnic area, playground, basketball court, two laundry rooms, a computer room, site security cameras, community gardens, outdoor barbecue area, and as noted, elevator service to all buildings. Construction is scheduled to begin in August 2016, with expected completion and market entry in January of 2018.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
19% (13 units) restricted to 50% or less of area median income households.
81% (56 units) restricted to 60% or less of area median income households.
Unit Mix: 1, 2 & 3 bedrooms

The proposed project will be providing a bona fide service coordinator for 519 hrs/yr.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$	20,487,895	
Estimated Hard Costs per Unit:	\$	167,283	(\$11,542,556 /69 units)
Estimated per Unit Cost:	\$	296,926	(\$20,487,895 /69 units)
Allocation per Unit:	\$	178,715	(\$12,331,338 /69 units)
Allocation per Restricted Rental Unit:	\$	178,715	(\$12,331,338 /69 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 12,330,336	\$ 4,520,100
LIH Tax Credit Equity	\$ 936,615	\$ 9,251,148
Developer Equity	\$ 0	\$ 937
Deferred Developer Fee	\$ 0	\$ 600,000
Sponsor Loan	\$ 4,097,956	\$ 4,097,956
Public Funds Sources (City of Goleta Fees)	\$ 1,900,000	\$ 1,900,000
Soft Loan Interest During Construction	\$ 117,754	\$ 117,754
Total Sources	\$ 19,382,661	\$ 20,487,895

Uses of Funds:	
Land Cost/Acquisition	\$ 147,000
New Construction	\$ 12,762,981
Contractor Overhead	\$ 497,940
Architectural Fees	\$ 120,000
Survey and Engineering	\$ 186,800
Construction Interest and Fees	\$ 910,547
Permanent Financing	\$ 25,000
Legal Fees	\$ 45,000
Reserves	\$ 200,234
Appraisal	\$ 4,500
Contingency Cost	\$ 584,478
Local Development Impact Fees	\$ 1,892,000
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 611,415
Developer Costs	\$ 2,500,000
Total Uses	\$ 20,487,895

Description of Financial Structure and Bond Issuance:

The proposed financial structure will be a private placement transaction provided by JP Morgan Chase Bank, NA. During the construction phase the loan term will be for 21 months. The loan will have a variable interest rate will of the Libor + 135bps. The permanent loan will be based on a 18 year term with a 35 year amortization with a variable rate of interest equal to the 10 year interest rate swap + 2.30%. The indicative all-in-rate is 3.90% as of May 11, 2016. The rate lock will come at closing.

Analyst Comments:

None

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:	76 out of 140
[See Attachment A]	

Recommendation:

Staff recommends that the Committee approve \$12,331,338 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
Preservation Project	20	20	0
Exceeding Minimum Income Restrictions:	35	15	29
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	10
Gross Rents	5	5	5
Large Family Units	5	5	5
Leveraging	10	10	10
Community Revitalization Area	5	5	0
Site Amenities	10	10	0
Service Amenities	10	10	5
New Construction	10	10	10
Sustainable Building Methods	10	10	2
Forgone Eligible Developer Fee (Competitive Allocation Process Only)	10	10	0
Minimum Term of Restrictions (Competitive Allocation Process Only)	10	10	0
Negative Points (No Maximum)	-10	-10	0
Total Points	140	120	76

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.