

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 Public Finance Authority

Allocation Amount Requested: Tax-exempt: \$18,000,000

Project Information:

Name: Springville Senior Apartments
Project Address: Southwest Corner of Camino Tierra Santa and Ponderosa Drive
Project City, County, Zip Code: Camarillo, Ventura, 93010

Project Sponsor Information:

Name: Fore Springville Senior Apartments L.P. (Fore Springville Senior Apartments COGP, LLC and Housing on Merit, Inc.)
Principals: Jonathan Fore for Fore Springville Senior Apartments COGP, LLC and Jennifer Litwak for Housing on Merit, Inc.
Property Management Company: Fore Property Company DBA FPC Management

Project Financing Information:

Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Private Placement Purchaser: Citibank N.A.
TEFRA Noticing Date: May 23, 2016
TEFRA Adoption Date: June 8, 2016

Description of Proposed Project:

State Ceiling Pool: General
Total Number of Units: 103, plus 1 manager unit
Type: New Construction
Type of Units: Senior Citizens

Springville Senior Apartments sits on 3.99 acres of land within the Springville Ran Rancho master plan. The master plan will include 58,000 square feet of commercial, 104 senior affordable rental units, 213 market rate rental units, and 130 for-sale townhomes upon completion. The project site is located in Ventura County within the City limits of Camarillo. The project is designed to be a senior affordable housing community.

Springville Senior Apartments will consist of one single building totaling 104 units. The community will be all surfaced parked, and the single building will be three-stories in height with two elevators providing convenient access throughout the building. There will be a heavily landscaped courtyard with community amenities such as BBQ area and lounge areas. Within the community there will also be a library, fitness center, computer room, lounges/reading/game rooms on each floor, two lobbies' along with a 3rd floor patio overlooking the courtyard. Springville Senior Apartments will consist of both one-bedroom and two-bedroom units. Springville Senior Apartments is expected to start construction in January of 2017. There is a 15-month construction schedule providing for construction completion by March of 2018.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
50% (51 units) restricted to 50% or less of area median income households.
50% (52 units) restricted to 60% or less of area median income households.
Unit Mix: 1 & 2 bedrooms

The proposed project will not be providing service amenities.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost: \$ 23,686,314
Estimated Hard Costs per Unit: \$ 109,009 (\$11,227,880 /103 units)
Estimated per Unit Cost: \$ 229,964 (\$23,686,314 /103 units)
Allocation per Unit: \$ 174,757 (\$18,000,000 /103 units)
Allocation per Restricted Rental Unit: \$ 174,757 (\$18,000,000 /103 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 18,000,000	\$ 11,462,000
LIH Tax Credit Equity	\$ 3,266,800	\$ 10,456,000
Developer Equity	\$ 0	\$ 0
Deferred Developer Fee	\$ 2,165,149	\$ 1,561,637
Deferred Costs	\$ 254,365	\$ 0
Lease Up Income	\$ 0	\$ 206,677
Total Sources	\$ 23,686,314	\$ 23,686,314

Uses of Funds:	
Land Cost/Acquisition	\$ 100
New Construction	\$ 13,876,959
Architectural Fees	\$ 500,000
Survey and Engineering	\$ 500,000
Construction Interest and Fees	\$ 1,392,766
Permanent Financing	\$ 25,000
Legal Fees	\$ 200,000
Reserves	\$ 519,365
Appraisal	\$ 40,000
Local Development Impact Fees	\$ 3,033,160
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 714,052
Developer Costs	\$ 2,884,912
Total Uses	\$ 23,686,314

Description of Financial Structure and Bond Issuance:

The proposed financial structure will be a private placement transaction by Citibank N.A. During the construction phase the project will have a loan term of 24 months with a fixed rate of interest which at the time of the application submittal was estimated to be 3.04%. The permanent period loan will be broken out into two separate tranches, A and B. Both Tranche A and B shall have a 30 year loan term with an amortization period of 35 years. Both Tranches shall carry a fixed interest rate that was estimated to be 3.95% when the application was submitted.

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: 73 out of 140
[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$18,000,000 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
Preservation Project	20	20	0
Exceeding Minimum Income Restrictions:	35	15	35
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	0
Leveraging	10	10	0
Community Revitalization Area	5	5	0
Site Amenities	10	10	5
Service Amenities	10	10	0
New Construction or Substantial Renovation	10	10	10
Sustainable Building Methods	10	10	8
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	73

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.