Agenda Item No. 5.12
Application No. 16-501

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
September 21, 2016
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Richard Fischer

Applicant:	**Golden State Finance Authority**
Allocation Amount Requested:	
Tax-exempt:	$18,949,000
Project Information:	
Name:	**Seasons Senior Apartments**
Project Address:	31641 Rancho Viejo Road
Project City, County, Zip Code:	San Juan Capistrano, Orange, 92675
Project Sponsor Information:	
Name:	Seasons San Juan Capistrano AR, L.P. (LINC-Gardena Associates,LLC and HCHP Affordable Multi-Family, LLC)
Principals:	Rebecca Clark, Samara Larson and Divya Gill for LINC-Gardena Associates, LLC; Michael A. Costa, Robert W. Tetrault and Thomas E. Erickson for HCHP Affordable Multi-Family, LLC
Property Management Company:	Western National Property Management
Project Financing Information:	
Bond Counsel:	Kutak Rock LLP
Private Placement Purchaser:	America First Tax Exempt Investors, LP
Public Sale:	Not Applicable
Underwriter:	Not Applicable
TEFRA Noticing Date:	July 22, 2016
TEFRA Adoption Date:	August 9, 2016
Description of Proposed Project:	
State Ceiling Pool:	General
Total Number of Units:	110, plus 2 manager units
Type:	Acquisition and Rehabilitation
Type of Units:	Senior Citizens

The development is a 112-unit, rental community originally built in 1997. All units feature: Range, Garbage disposal, Walk-in closets, Central A/C, Carpet and vinyl flooring. Project amenities include the following: Clubhouse/meeting room, Central laundry, Picnic area, Swimming pool/spa. The following items are scheduled to be done as part of the rehabilitation: Replace existing boilers and pumps with increased energy efficiency models; Replace existing refrigerators with new energy star rated models; Replace existing stove with energy star rated models; Install new faucet aerators; Replace existing showerheads with low flow models; Replace all toilets with low flow models; Remove wood trellis above trash enclosure and replace with new vinyl version; Sand slurry, seal coat, and restripe parking lot; Replace exterior building light fixtures with new LED fixtures; Paint exterior of all buildings; Repair areas of walk decks and overlay; all exterior decks and patios; Repair wrought iron fencing and handrails; Install new aluminum carport structures; Replace all windows excluding sliding doors; Install photovoltaic system for common area electric; Trim overgrown trees; Mobility/communication upgrades (includes relocation costs, if any); Turf removal irrigation modification; Upgrade clubhouse facilities and furniture and Dry rot and wood rot repair and replacement. The community will be redeveloped in one phase. The anticipated rehabilitation is slated to begin in the first quarter of 2017 with completion slated for approximately the third quarter of 2017.

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Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%

18% (20 units) restricted to 50% or less of area median income households.

82% (90 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:	$	29,879,007	
Estimated Hard Costs per Unit:	$	21,864	($2,405,000 /110 units)
Estimated per Unit Cost:	$	266,777	($29,879,007 /112 units including mngr. units
Allocation per Unit:	$	172,264	($18,949,000 /110 units)
Allocation per Restricted Rental Unit:	$	172,264	($18,949,000 /110 restricted units)

Sources of Funds:		Construction		Permanent
Tax-Exempt Bond Proceeds	$	18,949,000	$	12,096,483
LIH Tax Credit Equity	$	351,327	$	7,579,964
Deferred Developer Fee	$	3,031,915	$	3,031,915
Deferred Costs	$	376,120	$	0
Seller Carryback Loan	$	5,659,442	$	5,659,442
Seller Equity	$	1,075,890	$	1,075,890
Net Income From Operations	$	435,313	$	435,313
Total Sources	$	29,879,007	$	29,879,007

Uses of Funds:		
Land Cost/Acquisition	$	22,100,000
Rehabilitation	$	2,741,700
Architectural Fees	$	14,000
Survey and Engineering	$	40,000
Construction Interest and Fees	$	1,009,112
Permanent Financing	$	155,871
Legal Fees	$	137,500
Reserves	$	316,120
Contingency Cost	$	137,465
Local Development Impact Fees	$	5,000
Other Project Costs (Soft Costs, Marketing, etc.)	$	90,324
Developer Costs	$	3,131,915
Total Uses	$	29,879,007

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: 54 out of 140

[See Attachment A**]**

Recommendation:

Staff recommends that the Committee approves $18,949,000 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
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	0
Leveraging	10	10	0
Community Revitalization Area	5	5	0
Site Amenities	10	10	10
Service Amenities	10	10	0
New Construction or Substantial Renovation	10	10	0
Sustainable Building Methods	10	10	0
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**	**54**

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.