

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
December 14, 2016
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Richard Fischer

Applicant: Housing Authority of the City of Anaheim

Allocation Amount Requested: Tax-exempt: \$16,800,000

Project Information:

Name: Sea Wind Apartments
Project Address: 1925 W. Greenleaf Ave; 1924 Glenoaks Ave.
Project City, County, Zip Code: Anaheim, Orange, 92801

Project Sponsor Information:

Name: Sea Wind 2016 LP (AHA Orange MGP, LLC & Sea Wind Holdings, LLC)
Principals: Jonathan B. Webb and William W. Hirsch for AHA Orange MGP, LLC; Paul F. Fruchbom as Trustee of Fruchbom Trust and Mark Hyatt for Sea Wind Holdings, LLC
Property Management Company: VPM Management, Inc.

Project Financing Information:

Bond Counsel: Stradling, Yocca, Carlson & Rauth
Private Placement Purchaser: Citibank, N.A.
Public Sale: Not Applicable
Underwriter: Not Applicable
TEFRA Noticing Date: July 21, 2016
TEFRA Adoption Date: August 9, 2016

Description of Proposed Project:

State Ceiling Pool: General
Total Number of Units: 90, plus 1 manager unit
Type: Acquisition and Rehabilitation
Type of Units: Family

The Project is an existing 91-unit LIHTC multifamily development constructed in 1969 and renovated/converted into a LIHTC property in 2000 that consists of eight two-story garden-style residential buildings. The Project offers 21 one-bedroom units, 45 two-bedroom units and 25 three-bedroom units. The Project currently exhibits average overall condition. The Project's unit amenities include a balcony/patio, blinds, carpeting, walk-in closets and wall air conditioning units. Appliances include oven/ranges, garbage disposals, dishwashers and refrigerators. Community amenities include central laundry, offstreet parking (carports and uncovered), on-site management and a swimming pool. The Project site contains a combination of 132 covered (carports) and uncovered off-street parking spaces. Renovation is expected to begin November 1, 2016 and be completed by October 2017.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
18% (16 units) restricted to 50% or less of area median income households.
82% (74 units) restricted to 60% or less of area median income households.
Unit Mix: 1, 2 & 3 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:	\$ 24,475,844	
Estimated Hard Costs per Unit:	\$ 26,025	(\$2,342,281 /90 units)
Estimated per Unit Cost:	\$ 268,965	(\$24,475,844 /91 units including mgr. units)
Allocation per Unit:	\$ 186,667	(\$16,800,000 /90 units)
Allocation per Restricted Rental Unit:	\$ 186,667	(\$16,800,000 /90 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 16,800,000	\$ 11,130,000
LIH Tax Credit Equity	\$ 2,693,664	\$ 7,696,184
General Partner Equity	\$ 0	\$ 226,756
Deferred Developer Fee	\$ 0	\$ 2,319,955
Seller Carryback Loan	\$ 2,000,000	\$ 2,000,000
Net Income From Operations	\$ 734,076	\$ 1,102,949
Total Sources	<u>\$ 22,227,740</u>	<u>\$ 24,475,844</u>

Uses of Funds:	
Land Cost/Acquisition	\$ 16,500,000
Rehabilitation	\$ 2,684,644
Contractor Overhead & Profit	\$ 244,058
Architectural Fees	\$ 33,150
Construction Interest and Fees	\$ 1,154,160
Permanent Financing	\$ 340,550
Legal Fees	\$ 65,000
Reserves	\$ 297,077
Contingency	\$ 179,833
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 320,372
Developer Costs	\$ 2,657,000
Total Uses	<u>\$ 24,475,844</u>

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: 61.5 out of 140

[See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$16,800,000 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	20
Exceeding Minimum Income Restrictions:	35	15	29
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	0
Gross Rents	5	5	0
Large Family Units	5	5	5
Leveraging	10	10	0
Community Revitalization Area	5	5	0
Site Amenities	10	10	7.5
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	110	61.5

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.