

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
July 19, 2017
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Ruben Barcelo

Applicant: California Statewide Communities Development Authority

Allocation Amount Requested:

Tax-exempt: \$500,000

The amount of allocation requested is supplemental to the \$9,000,000 of allocation the Project received on December 14, 2016.

Project Information:

Name: Heninger Village Apartments (supplemental)
Project Address: 200 S. Sycamore Street
Project City, County, Zip Code: Santa Ana, Orange, 92701

Project Sponsor Information:

Name: Heninger 2016 LP (Heninger MGP LLC and Heninger 2016 COGP LLC)
Principals: Jonathan B. Webb and William W. Hirsch for Heninger MGP, LLC; Paul Fruchbom and Mark Hyatt for Heninger 2016 COGP, LLC
Property Management Company: VPM Management, Inc.

Project Financing Information:

Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Private Placement Purchaser: R4 Capital Funding LLC
Cash Flow Permanent Bond: Not Applicable
Public Sale: Not Applicable
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Rating: Not Applicable
TEFRA Noticing Date: July 15, 2016
TEFRA Adoption Date: August 2, 2016

Description of Proposed Project:

State Ceiling Pool: General
Total Number of Units: 58
Manager's Units: 1 unrestricted
Type: Acquisition and Rehabilitation
Population Served: Senior Citizens

Heninger Village Apartments is an existing project located in Santa Ana on a 1.28-acre site. The project consists of 57 restricted rental units and 1 unrestricted manager's unit. The project includes 38 one-bedroom units and 20 two-bedroom units. Building exterior renovations will include window replacement, boiler replacement, balcony deck repair and fresh paint. Interior renovations will include elevator upgrades and ADA improvements. Individual apartment units will be updated with new kitchen appliances, HVAC replacement and fresh paint. Lastly, common area renovations will consist of exterior lighting upgrades to LED and landscape updates. The rehabilitation is expected to begin in August 2017 and to be completed in July 2018.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
14% (8 units) restricted to 50% or less of area median income households.
86% (49 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:	\$ 14,765,100	
Estimated Hard Costs per Unit:	\$ 23,854	\$1,383,550 /58 units including mgr. units)
Estimated per Unit Cost:	\$ 254,571	(\$14,765,100 /58 units including mgr. units)
Allocation per Unit:	\$ 163,793	(\$9,500,000 /58 units including mgr. units)
Allocation per Restricted Rental Unit:	\$ 166,667	(\$9,500,000 /57 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 9,500,000	\$ 6,871,000
LIH Tax Credit Equity	\$ 3,612,174	\$ 3,846,293
Deferred Developer Fee	\$ 0	\$ 1,253,212
Seller Carryback Loan	\$ 2,150,000	\$ 2,150,000
Net Income From Operations	\$ 644,595	\$ 644,595
Total Sources	\$ 15,906,769	\$ 14,765,100

Uses of Funds:	
Land Cost/Acquisition	\$ 10,000,000
Rehabilitation	\$ 1,445,810
Relocation	\$ 11,200
Contractor Overhead & Profit	\$ 131,437
Architectural Fees	\$ 44,900
Construction Interest and Fees	\$ 850,377
Permanent Financing	\$ 48,333
Legal Fees	\$ 182,500
Reserves	\$ 185,117
Appraisal	\$ 7,350
Hard Cost Contingency	\$ 157,725
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 154,351
Developer Costs	\$ 1,546,000
Total Uses	\$ 14,765,100

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.

Recommendation:

Staff recommends that the Committee approves \$500,000 in tax exempt bond allocation on a carryforward basis.