

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 Housing Finance Agency

Allocation Amount Requested:
Tax-exempt: \$7,000,000

Project Information:
Name: Riverside Street Apartments
Project Address: 691 Riverside Street
Project City, County, Zip Code: Ventura, Ventura, 93001

Project Sponsor Information:
Name: Ventura Riverside Apartments L.P. (Affordable Housing Alliance II, Inc.; and MW Housing, LLC)
Principals: Anjela Ponce, Phil Wood, Dawn Allen, Gary Ponce, Deanne Cecil, Michael Davis, Maggie Rattray, Julie MacQuilliam and Paul Carroll for Affordable Housing Alliance II, Inc., and Michael Weyrick for MW Housing, LLC
Property Management Company: ConAm Management Corporation

Project Financing Information:
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Private Placement Purchaser: JPMorgan Chase Bank (construction only)
Cash Flow Permanent Bond: Not Applicable
Public Sale: Not Applicable
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Rating: Not Applicable
TEFRA Noticing Date: March 10, 2017
TEFRA Adoption Date: March 28, 2017

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 23
Manager's Units: 1 Unrestricted
Type: New Construction
Population Served: Family

Riverside Street Apartments is a new construction project located in Ventura on a 0.99-acre site. The project will consist of 22 restricted rental units and 1 unrestricted manager's unit. The project will provide 15 two-bedroom units and 8 three-bedroom units distributed among 6 two-story buildings. Common amenities will include bicycle parking, a community room, office, laundry room, playground, basketball court and a picnic/barbeque area. Each unit will provide Energy Star kitchen appliances, LED lighting, and high efficiency space and water heating. Twenty-nine parking spaces will be provided. Green features include energy-conserving windows and insulation. Construction is expected to begin in September 2017 and to be completed in June 2018.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%

18% (4 units) restricted to 50% or less of area median income households.

82% (18 units) restricted to 60% or less of area median income households.

Unit Mix: 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: | \$ 8,621,622 | |
| Estimated Hard Costs per Unit: | \$ 184,058 | (\$4,233,332 /23 units including mgr. units) |
| Estimated per Unit Cost: | \$ 374,853 | (\$8,621,622 /23 units including mgr. units) |
| Allocation per Unit: | \$ 304,348 | (\$7,000,000 /23 units including mgr. units) |
| Allocation per Restricted Rental Unit: | \$ 318,182 | (\$7,000,000 /22 restricted units) |

| Sources of Funds: | <u>Construction</u> | <u>Permanent</u> |
|-----------------------------------|---------------------|---------------------|
| Tax-Exempt Bond Proceeds | \$ 7,000,000 | \$ 0 |
| LIH Tax Credit Equity | \$ 1,050,000 | \$ 2,743,750 |
| Deferred Developer Fee | \$ 571,622 | \$ 523,255 |
| CalHFA Permanent Taxable Loan | \$ 0 | \$ 4,954,617 |
| CalHFA Permanent Taxable Gap Loan | \$ 0 | \$ 400,000 |
| Total Sources | \$ 8,621,622 | \$ 8,621,622 |

| Uses of Funds: | |
|---|---------------------|
| Land Cost/Acquisition | \$ 1,210,000 |
| New Construction | \$ 4,399,964 |
| Contractor Overhead & Profit | \$ 321,537 |
| Architectural Fees | \$ 100,000 |
| Survey and Engineering | \$ 100,000 |
| Construction Interest and Fees | \$ 269,288 |
| Permanent Financing | \$ 128,720 |
| Legal Fees | \$ 50,000 |
| Reserves | \$ 123,109 |
| Appraisal | \$ 15,000 |
| Hard Cost Contingency | \$ 422,133 |
| Local Development Impact Fees | \$ 460,000 |
| Other Project Costs (Soft Costs, Marketing, etc.) | \$ 97,500 |
| Developer Costs | \$ 924,371 |
| Total Uses | \$ 8,621,622 |

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:

74 out of 140 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$7,000,000 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 | 5 |
| 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 | 10 |
| Forgone Eligible Developer Fee (Competitive Allocation Process Only) | 10 | 10 | N/A |
| Minimum Term of Restrictions (Competitive Allocation Process Only) | 10 | 10 | N/A |
| Negative Points (No Maximum) | -10 | -10 | 0 |
| Total Points | 140 | 120 | 74 |