

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
December 13, 2017
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Sarah Lester

Applicant:	California Municipal Finance Authority
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Allocation Amount Requested:	Tax-exempt: \$107,000,000
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Project Information:	Name: Garden Grove Senior Apartments
	Project Address: 10080 & 10180 Garden Grove Boulevard
	Project City, County, Zip Code: Garden Grove, Orange, 92844

Project Sponsor Information:	Name: Garden Grove Pacific Associates, a California Limited Partnership (TPC Holdings V, LLC and Foundation for Affordable Housing II, Inc.)
	Principals: Caleb Roope for TPC Holdings V, LLC; Thomas E. Willard, Stanford Smith, Deborrah A. Willard, Roger Teel, Michael Ristow and Ray Waters for Foundation for Affordable Housing II, Inc.
	Property Management Company: Barker Management, Inc.

Project Financing Information:	Bond Counsel: Orrick, Herrington & Sutcliffe LLP
	Private Placement Purchaser: Citibank, N.A./Bonneville Affordable Housing Capital, 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: October 27, 2017
	TEFRA Adoption Date: November 14, 2017

Description of Proposed Project:	State Ceiling Pool: General
	Total Number of Units: 400
	Manager's Units: 3 Unrestricted
	Type: New Construction
	Population Served: Senior Citizens

Garden Grove Senior Apartments is a new construction project located in Garden Grove on a 3.1-acre site. The project consists of 397 restricted rental units and 3 unrestricted managers' units. The project will have 123 studio units, 231 one-bedroom units and 46 two-bedroom units. The building will be eight (8) stories supported by perimeter foundations with concrete slab flooring on top of a podium parking. The building will be a one elevator serviced residential building. Common amenities include community gathering areas, community rooms and laundry facilities. Each unit will have a refrigerator, exhaust fans, range/oven, dishwasher and garbage disposal. The construction is expected to begin June 2018 and be completed in December 2020.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
10% (40 units) restricted to 50% or less of area median income households.
90% (357 units) restricted to 60% or less of area median income households.
Unit Mix: Studio, 1 & 2 bedroom

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: \$ 132,641,028
Estimated Hard Costs per Unit: \$ 198,628 (\$79,451,302 /400 units including mgr. units)
Estimated per Unit Cost: \$ 331,603 (\$132,641,028 /400 units including mgr. units)
Allocation per Unit: \$ 267,500 (\$107,000,000 /400 units including mgr. units)
Allocation per Restricted Rental Unit: \$ 269,521 (\$107,000,000 /397 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 75,000,000	\$ 41,000,000
Tranche B Financing	\$ 32,000,000	\$ 32,000,000
LIH Tax Credit Equity	\$ 9,820,735	\$ 52,111,028
Deferred Developer Fee	\$ 13,000,000	\$ 7,530,000
Deferred Costs	\$ 2,820,293	\$ 0
Total Sources	\$ 132,641,028	\$ 132,641,028

Uses of Funds:	
Land Cost/Acquisition	\$ 1,750,000
New Construction	\$ 84,968,380
Contractor Overhead & Profit	\$ 6,737,471
Architectural Fees	\$ 700,000
Survey and Engineering	\$ 190,000
Construction Interest and Fees	\$ 7,553,300
Permanent Financing	\$ 635,000
Legal Fees	\$ 100,000
Reserves	\$ 2,820,293
Hard Cost Contingency	\$ 4,600,000
Local Development Impact Fees	\$ 8,000,000
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 1,586,584
Developer Costs	\$ 13,000,000
Total Uses	\$ 132,641,028

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:

55.1 out of 140 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$107,000,000 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	25
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	7.6
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	7.5
Service Amenities	10	10	0
New Construction or Substantial Renovation	10	10	10
Sustainable Building Methods	10	10	0
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	55.1