

**THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**  
**March 21, 2018**  
**Staff Report**  
**REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A**  
**QUALIFIED RESIDENTIAL RENTAL PROJECT**

*Prepared by: Ruben Barcelo*

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<b>Applicant:</b>	<b>California Municipal Finance Authority</b>
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<b>Allocation Amount Requested:</b>	<b>Tax-exempt:</b> \$120,000,000
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<b>Project Information:</b>	<b>Name:</b> Villa Court Senior Apartments
	<b>Project Address:</b> 2222 East First Street
	<b>Project City, County, Zip Code:</b> Santa Ana, Orange, 92705

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<b>Project Sponsor Information:</b>	<b>Name:</b> Santa Ana Senior Associates, A California L.P. (TPC Holdings V, LLC and TELACU Homes, Inc.)
	<b>Principals:</b> Caleb Roope for TPC Holdings V, LLC; and Tom Provencio and John Clem for TELACU Homes, Inc.
	<b>Property Management Company:</b> Barker Management, Inc.

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<b>Project Financing Information:</b>	<b>Bond Counsel:</b> Orrick, Herrington & Sutcliffe LLP
	<b>Private Placement Purchaser:</b> Citibank, N.A./Bonneville Affordable Housing Capital, LLC
	<b>Cash Flow Permanent Bond:</b> Applicable *
	<b>Public Sale:</b> Not Applicable
	<b>Underwriter:</b> Not Applicable
	<b>Credit Enhancement Provider:</b> Not Applicable
	<b>Rating:</b> Not Applicable
	<b>TEFRA Noticing Date:</b> December 4, 2017
	<b>TEFRA Adoption Date:</b> December 19, 2017

\* A portion of the bonds will be subject to cash flow repayment, but because the project was originally submitted to CDLAC prior to January 1, 2017, it is exempt from the cash flow requirements noted in CDLAC regulations section 5062(b).

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<b>Description of Proposed Project:</b>	<b>State Ceiling Pool:</b> General
	<b>Total Number of Units:</b> 418
	<b>Manager's Units:</b> 3 Unrestricted
	<b>Type:</b> New Construction
	<b>Population Served:</b> Senior Citizens

Villa Court Senior Apartments is a new construction project located in Santa Ana on a 3.17 acre site. The project will consist of 415 restricted rental units and 3 unrestricted manager units. The project will offer 96 studio units, 257 one-bedroom units and 65 two-bedroom units. The building will be a single five-story structure of wood frame design supported by a parking structure podium and concrete slab. Common amenities will include multiple courtyards, a roof deck, clubhouse, fitness gym, computer room, laundry facilities, elevators and security features. Each unit will provide a refrigerator, range/oven, dishwasher, garbage disposal, exhaust fans and covered patio or balcony. All units will be water and energy efficient and provide healthy indoor air quality. Construction is expected to begin June 2018 and to be completed December 2020.

**Description of Public Benefits:**

**Percent of Restricted Rental Units in the Project:** 100%  
10% (42 units) restricted to 50% or less of area median income households.  
90% (373 units) restricted to 60% or less of area median income households.  
**Unit Mix:** Studio, 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:** \$ 145,764,628  
**Estimated Hard Costs per Unit:** \$ 192,742 (\$80,566,250 /418 units including mgr. units)  
**Estimated per Unit Cost:** \$ 348,719 (\$145,764,628 /418 units including mgr. units)  
**Allocation per Unit:** \$ 287,081 (\$120,000,000 /418 units including mgr. units)  
**Allocation per Restricted Rental Unit:** \$ 289,157 (\$120,000,000 /415 restricted units)

**Sources of Funds:**

	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 85,000,000	\$ 48,000,000
Cash Flow Permanent Bonds	\$ 35,000,000	\$ 35,000,000
LIH Tax Credit Equity	\$ 9,465,345	\$ 54,914,628
Deferred Developer Fee	\$ 13,500,000	\$ 7,850,000
Deferred Costs	\$ 2,799,283	\$ 0
<b>Total Sources</b>	<b>\$ 145,764,628</b>	<b>\$ 145,764,628</b>

**Uses of Funds:**

Land Cost/Acquisition	\$ 10,160,000
New Construction	\$ 86,150,225
Contractor Overhead & Profit	\$ 6,832,019
Architectural Fees	\$ 750,000
Survey and Engineering	\$ 190,000
Construction Interest and Fees	\$ 9,036,000
Permanent Financing	\$ 720,000
Legal Fees	\$ 100,000
Reserves	\$ 2,799,283
Hard Cost Contingency	\$ 5,500,000
Local Development Impact Fees	\$ 8,360,000
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 1,667,101
Developer Costs	\$ 13,500,000
<b>Total Uses</b>	<b>\$ 145,764,628</b>

**Analyst Comments:**

None.

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**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.

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**Total Points:**

48.4 out of 140 [See Attachment A]

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**Recommendation:**

Staff recommends that the Committee approves \$120,000,000 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]	5.9
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
<b>Total Points</b>	<b>140</b>	<b>120</b>	<b>48.4</b>