

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
March 20, 2019
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Chee Thao Yang

Applicant: California Statewide Communities Development Authority

Allocation Amount Requested:

Tax-exempt: \$30,746,187

Project Information:

Name: Magnet Senior Housing
Project Address: Intersection of Magnet and Hamal
Project City, County, Zip Code: Irvine, Orange, 92618

Project Sponsor Information:

Name: Magnet Senior Housing Partners, L.P. (Related/Magnet Senior Development Co, LLC; Riverside Charitable Corporation)

Principals: Frank Cardone, William A. Witte, Steven Sherman for Related/Magnet Senior Development Co. LLC; Kenneth Robertson, Craig Gillett, Stewart Hall, Trisha Hockings, Penny LaRue, Ronnie Ferencz, Xochitl Olivas for Riverside Charitable Corporation

Property Management Company: Related Management Company

Project Financing Information:

Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Private Placement Purchaser: MUFG Union Bank, N.A.
Cash Flow Permanent Bond: Not Applicable
Public Sale: Not Applicable
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Rating: Not Applicable
TEFRA Noticing Date: January 22, 2019
TEFRA Adoption Date: February 12, 2019

Description of Proposed Project:

State Ceiling Pool: General
Total Number of Units: 165
Manager's Units: 2 Unrestricted
Type: New Construction
Population Served: Senior Citizens

Magnet Senior Housing Apartments is a new construction project located in Irvine on a 5.12 -acre site. The project consists of 163 restricted rental units, and 2 unrestricted managers' units. The project will have 22 studio units, 111 one-bedroom units and 32 two- bedroom units. The two buildings will be four stories high and be Type V-A wood-framed construction. Common amenities include exercise room, laundry rooms, large multi-purpose room, outdoor picnic area, rooftop decks, community garden, swimming pool and spa, dog park and a barbeque area. Each unit will have dishwashers, garbage disposals, refrigerator, ceiling fans, window coverings, air conditioning, exterior decks or patios, storage cabinet and countertops. There are 206 parking spaces provided. The construction is expected to begin in June 2019 and be completed in September 2020.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
72% (117 units) restricted to 50% or less of area median income households.
28% (46 units) restricted to 60% or less of area median income households.
Unit Mix: Studio, 1 & 2 bedrooms

The proposed project will not be receiving service amenity points.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost: \$ 48,537,606
Estimated Hard Costs per Unit: \$ 163,200 (\$26,927,946 /165 units including mgr. units)
Estimated per Unit Cost: \$ 294,167 (\$48,537,606 /165 units including mgr. units)
Allocation per Unit: \$ 186,341 (\$30,746,187 /165 units including mgr. units)
Allocation per Restricted Rental Unit: \$ 188,627 (\$30,746,187 /163 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 30,746,187	\$ 13,500,000
LIH Tax Credit Equity	\$ 387,420	\$ 19,370,996
GP Equity/Capital Contribution	\$ 100	\$ 100
Deferred Developer Fee	\$ 3,050,000	\$ 1,800,000
Deferred Operating Deficit Reserve	\$ 420,390	\$ 0
Owner Residual Receipt Loan	\$ 13,866,509	\$ 13,866,509
Deferred TCAC Monitoring Fee	\$ 67,000	\$ 0
Total Sources	\$ 48,537,606	\$ 48,537,606

Uses of Funds:	
Land Cost/Acquisition	\$ 76,000
New Construction	\$ 28,856,247
Contractor Overhead & Profit	\$ 2,288,078
Architectural Fees	\$ 1,095,000
Survey and Engineering	\$ 1,269,000
Construction Interest and Fees	\$ 2,529,000
Permanent Financing	\$ 185,000
Legal Fees	\$ 300,000
Reserves	\$ 420,390
Appraisal	\$ 15,000
Hard Cost Contingency	\$ 1,759,809
Local Development Impact Fees	\$ 2,293,453
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 3,150,629
Developer Costs	\$ 4,300,000
Total Uses	\$ 48,537,606

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:

57.5 out of 140 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$30,746,187 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	35
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	10
Large Family Units	5	5	0
Leveraging	10	10	0
Community Revitalization Area	5	5	0
Site Amenities	10	10	2.5
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	57.5