

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
December 11, 2019
Staff Report
**REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT**

Prepared by: Isaac Clark III

Applicant: California Housing Finance Agency

Allocation Amount Requested:
Tax-exempt: \$54,000,000

Project Information:
Name: Santa Ana Towers
Project Address: 401 W. First Street
Project City, County, Zip Code: Santa Ana, Orange, 92701

Project Sponsor Information:
Name: Santa Ana Housing, LP (Santa Ana Housing, LLC / Housing Corporation of America / Wells Fargo Community Investment)
Principals: Andrew Gross, President for Santa Ana Housing, LLC / Jordan Pynes, VP of Santa Ana Housing, LLC / Ron Olson, President for Housing Corporation of America / Carol Cromar, VP for Housing Corporation of America
Property Management Company: Thomas Safran & Associates, Inc.

Project Financing Information:
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Private Placement Purchaser: JPMorgan Chase 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: August 29, 2019
TEFRA Adoption Date: September 4, 2019

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 199
Manager's Units: 2 Unrestricted
Type: Acquisition and Rehabilitation
Population Served: Senior Citizens

Santa Ana Towers is an acquisition rehabilitation project located at 401 W. First Street in Santa Ana on a 2.48-acre site. The entire project consists of 197 restricted rental units, 0 market rate units and 2 unrestricted manager units. The entire project consist of 197 one-bedroom units and 2 two-bedroom units as the manager units. Community area renovations will include laundry facility, on-site management, courtyard, elevators, exercise facility and a picnic area. Interior renovations will include blinds, carpeting, vinyl flooring, coat closets, grab bars, handrails, garbage disposal, oven, and refrigerators. The rehabilitation is expected to begin in April 2020 and be completed in September 2021.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
57% (113 units) restricted to 50% or less of area median income households.
43% (84 units) restricted to 60% or less of area median income households.
Unit Mix: 1 bedroom

The proposed project will be receiving service amenity points.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$ 98,498,758	
Estimated Hard Costs per Unit:	\$ 67,500	(\$13,432,500 /199 units including mgr. units)
Estimated per Unit Cost:	\$ 494,969	(\$98,498,758 /199 units including mgr. units)
Allocation per Unit:	\$ 271,357	(\$54,000,000 /199 units including mgr. units)
Allocation per Restricted Rental Unit:	\$ 274,112	(\$54,000,000 /197 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 37,383,000	\$ 42,459,200
Cash Flow Permanent Bonds	\$ 16,617,000	\$ 0
Tranche B Financing	\$ 0	\$ 0
Wells Fargo-Equity Proceeds	\$ 28,570,401	\$ 0
LIH Tax Credit Equity	\$ 0	\$ 28,920,401
Operating Income	\$ 1,216,209	\$ 1,258,381
Deferred Developer Fee	\$ 0	\$ 8,018,100
Deferred Costs	\$ 8,410,272	\$ 0
Seller Carryback Loan	\$ 0	\$ 16,617,000
Chase Taxable Tail	\$ 5,076,200	\$ 0
Accrued Deferred Interest-Seller Carryback	\$ 0	\$ 0
Reserves	\$ 217,541	\$ 217,541
STW Contribution	\$ 1,008,135	\$ 0
Capital Contribution (LP)	\$ 0	\$ 1,008,135
Total Sources	\$ 98,498,758	\$ 98,498,758

Uses of Funds:	
Land Cost/Acquisition	\$ 62,017,541
Rehabilitation	\$ 15,685,076
Relocation	\$ 398,000
New Construction	\$ 0
Contractor Overhead & Profit	\$ 0
Architectural Fees	\$ 440,000
Survey and Engineering	\$ 0
Construction Interest and Fees	\$ 3,147,572
Permanent Financing	\$ 399,674
Legal Fees	\$ 248,000
Reserves	\$ 904,735
Appraisal	\$ 7,500
Hard Cost Contingency	\$ 3,017,601
Local Development Impact Fees	\$ 0
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 733,423
Developer Costs	\$ 11,499,636
Total Uses	\$ 98,498,758

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:

94 out of 140 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$54,000,000 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	20
Exceeding Minimum Income Restrictions:	35	15	35
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	0
Large Family Units	5	5	0.00
Leveraging	10	10	0.00
Community Revitalization Area	5	5	0.00
Site Amenities	10	10	10.00
Service Amenities	10	10	10.00
New Construction or Substantial Renovation	10	10	10.00
Sustainable Building Methods	10	10	9.00
Forgone Eligible Developer Fee (Competitive Allocation Process Only)	10	10	0.00
Minimum Term of Restrictions (Competitive Allocation Process Only)	10	10	0.00
Negative Points (No Maximum)	-10	-10	0.00
Total Points	140	110	94.00