

**THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**  
**September 16, 2020**  
**Staff Report**  
**REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A**  
**QUALIFIED RESIDENTIAL RENTAL PROJECT**

*Prepared by: Isaac Clark III*

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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>	\$19,000,000
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<b>Project Information:</b>	<b>Name:</b>	<b>North Harbor Village</b>
	<b>Project Address:</b>	1108 North Harbor Village
	<b>Project City, County, Zip Code:</b>	Santa Ana, Orange, 92703

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<b>Project Sponsor Information:</b>	<b>Name:</b>	North Harbor Housing Partners LP (JHC-North Harbor LLC)
	<b>Principals:</b>	JHC-North Harbor LLC
	<b>Property Management Company:</b>	The John Stewart Company

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<b>Project Financing Information:</b>	<b>Bond Counsel:</b>	Orrick, Herrington & Sutcliffe LLP
	<b>Private Placement Purchaser:</b>	Union Bank
	<b>Cash Flow Permanent Bond:</b>	Not Applicable
	<b>Public Sale:</b>	Not Applicable
	<b>Underwriter:</b>	Not Applicable
	<b>Credit Enhancement Provider:</b>	Not Applicable
	<b>Rating:</b>	Not Applicable

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<b>Description of Proposed Project:</b>	<b>State Ceiling Pool:</b>	General
	<b>Total Number of Units:</b>	91
	<b>Manager's Units:</b>	2 Unrestricted
	<b>Type:</b>	New Construction
	<b>Population Served:</b>	Family/Special Needs

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North Harbor Village is a new construction project located in Santa Ana on a 1.79-acre site. The project will consist of 89 restricted rental units and 2 unrestricted manager units. The project will have 89 studios 1 two-bedroom unit and 1 three-bedroom unit. The project will feature a community garden, sports court and dog run. The leasing area will be where the existing motel lobby area is located. There will be a total of 73 parking spaces. New unit amenities will include air conditioning, refrigerator, range/oven, microwave, various furnishings, wall mounted A/C and curtains/blinds. Current units will be upgraded with new kitchen and bathroom cabinetry, new vinyl plank flooring, interior paint, 2-burner electric stove top, refrigerator, and microwave furnishing. The units will also get new heating and cooling equipment. The property currently has a pool that will be removed for a new resident services/leasing building. Solar panels will be added to the project's roof area. The construction is expected to begin March 2021 and complete by June 2022.

**Description of Public Benefits:**

**Percent of Restricted Rental Units in the Project:** 100%  
100% (89 units) restricted to 50% or less of area median income households.  
**Unit Mix:** Studio, 2 & 3 bedrooms

The proposed project will be receiving service amenity points.

**Term of Restrictions:**

**Income and Rent Restrictions:** 55 years

**Details of Project Financing:**

<b>Estimated Total Development Cost:</b>	\$ 34,636,856	
<b>Estimated Hard Costs per Unit:</b>	\$ 91,214	(\$8,300,517 /91 units including mgr. units)
<b>Estimated per Unit Cost:</b>	\$ 380,625	(\$34,636,856 /91 units including mgr. units)
<b>Allocation per Unit:</b>	\$ 208,791	(\$19,000,000 /91 units including mgr. units)
<b>Allocation per Restricted Rental Unit:</b>	\$ 213,483	(\$19,000,000 /89 restricted units)

<b>Sources of Funds:</b>	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 19,000,000	\$ 9,284,261
Taxable Bond Proceeds	\$ 5,000,000	\$ 0
LIH Tax Credit Equity	\$ 4,313,906	\$ 9,586,458
Deferred Developer Fee	\$ 1,452,983	\$ 896,170
AHP Loan	\$ 890,000	\$ 890,000
VHHP	\$ 0	\$ 10,000,000
OCHFT	\$ 2,292,920	\$ 2,292,920
City CDBG Loan	\$ 1,687,047	\$ 1,687,047
<b>Total Sources</b>	<b>\$ 34,636,856</b>	<b>\$ 34,636,856</b>

<b>Uses of Funds:</b>	
Land Cost/Acquisition	\$ 15,838,582
New Construction	\$ 8,931,614
Contractor Overhead & Profit	\$ 664,041
Architectural Fees	\$ 750,000
Survey and Engineering	\$ 190,000
Construction Interest and Fees	\$ 2,333,407
Permanent Financing	\$ 154,632
Legal Fees	\$ 150,000
Reserves	\$ 285,135
Appraisal	\$ 7,000
Hard Cost Contingency	\$ 946,259
Local Development Impact Fees	\$ 529,417
Other Project Costs	\$ 1,418,657
Developer Costs	\$ 2,438,112
<b>Total Uses</b>	<b>\$ 34,636,856</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:**

120 out of 145 [See Attachment A]

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**Recommendation:**

Staff recommends that the Committee approves \$19,000,000 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	35
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	0
Leveraging	10	10	10
Community Revitalization Area	5	5	0
Site Amenities	10	10	10
Service Amenities	10	10	10
New Construction or Substantial Renovation	10	10	10
Sustainable Building Methods	10	10	10
Forgone Eligible Developer Fee (Competitive Allocation Process Only)	10	10	10
Minimum Term of Restrictions (Competitive Allocation Process Only)	10	10	10
Negative Points (No Maximum)	-10	-10	0
<b>Total Points</b>	<b>145</b>	<b>125</b>	<b>120</b>