

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
September 16, 2015
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Brian Clark

Applicant: California Municipal Finance Authority

Allocation Amount Requested:

Tax-exempt: \$10,000,000

Project Information:

Name: Villa Garcia Apartments
Project Address: 1379-1419 Thousand Oaks Boulevard
Project City, County, Zip Code: Thousand Oaks, Ventura, 91362

Project Sponsor Information:

Name: Villa Garcia, LP (Villa Garcia, LLC)
Principals: Rick Schroeder, Michael O'Connor, Jerry Petry, Susan Cass and Gary Barnum for Villa Garcia, LLC
Property Management Company: Many Mansions

Project Financing Information:

Bond Counsel: Quint & Thimmig LLP
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Private Placement Purchaser: U.S. Bank, NA
TEFRA Adoption Date: July 14, 2015

Description of Proposed Project:

State Ceiling Pool: General
Total Number of Units: 79, plus 1 manager unit
Type: Acquisition and Rehabilitation
Type of Units: Family

The Project, constructed in 1964 and first rehabilitated in 1999, is located on a 3.62 acre parcel in Thousand Oaks. The Project, consisting of 20 two-story residential buildings, a community building, 58 covered parking spaces and 54 uncovered parking spaces; houses 79 tenant units (40 one-bedroom units, 20 two-bedroom units and 19 three bedroom units) and a single three-bedroom manager's unit. All tenant units will be income restricted, 32 units at 50% Area Median Income ("AMI") and 47 at 60% AMI. Unit amenities include blinds, carpet, ceiling fan, storage closet, coat closet, patio/balcony (one and two-bedroom units only), range/oven, dishwasher, garbage disposal, air conditioning and wall heaters. Site amenities include a community room, pool, picnic area, playground, on-site management, laundry room, computer room, and surveillance cameras. Unit renovations include new HVAC unit, ceiling fan, windows, sliding glass door, entry door and water heater; electrical improvements; balcony repair/improvements and ADA accessibility. Community renovations include new roofing and exterior lighting, stucco repair, painting, parking lot sealing and re-striping, swimming pool re-plastering, ADA accessibility, cosmetic upgrades to the community building and modification of railings to comply with building code. Rehabilitation is expected to begin in January 2016 and be completed in August 2016.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
41% (32 units) restricted to 50% or less of area median income households.
59% (47 units) restricted to 60% or less of area median income households.
Unit Mix: 1, 2 & 3 bedrooms

An after school program will be provided throughout the school year for at least 10 hours per week

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$	16,451,848	
Estimated Hard Costs per Unit:	\$	25,957	(\$2,050,565 /79 units)
Estimated per Unit Cost:	\$	208,251	(\$16,451,848 /79 units)
Allocation per Unit:	\$	126,582	(\$10,000,000 /79 units)
Allocation per Restricted Rental Unit:	\$	126,582	(\$10,000,000 /79 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 10,000,000	\$ 4,775,800
Seller Carryback Note	\$ 2,655,742	\$ 2,655,742
Accrued/Deferred Interest	\$ 151,500	\$ 151,500
Deferred Developer Fee	\$ 596,538	\$ 596,538
LIH Tax Credit Equity	\$ 225,409	\$ 5,168,027
Direct & Indirect Public Funds	\$ 2,582,704	\$ 2,582,704
GP Equity	\$ 100	\$ 100
Deferred Costs	\$ 123,167	\$ 0
Operating Income	\$ 0	\$ 404,749
Purchased Reserves	\$ 116,688	\$ 116,688
Total Sources	\$ 16,451,848	\$ 16,451,848

Uses of Funds:	
Acquisition/Land Purchase	\$ 10,416,688
On & Off Site Costs	\$ 121,340
Hard Construction Costs	\$ 1,929,225
Architect & Engineering Fees	\$ 89,100
Contractor Overhead & Profit	\$ 261,048
Developer Fee	\$ 1,843,881
Relocation	\$ 16,670
Cost of Issuance	\$ 277,050
Reserves	\$ 219,074
Construction & Permanent Financing	\$ 357,100
Legal	\$ 90,000
Other Soft Costs (Marketing, etc.)	\$ 830,672
Total Uses	\$ 16,451,848

Description of Financial Structure and Bond Issuance:

The bonds will be purchased as a private placement transaction by U.S. Bank, NA. During the construction financing phase the loan term will be for 24 months with a variable interest rate equal to 1 month LIBOR plus 160 bps. During the permanent financing phase, the loan term will be for 16 years with an amortization period of 30 years at a fixed interest rate equal to the U.S. Bank CIP rate plus 150 bps. An underwritten rate was not provided for the permanent phase financing.

Analyst Comments:

Not Applicable

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: 61.9 out of 130
[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$10,000,000 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
Federally Assisted At-Risk Project or HOPE VI Project	20	20	0
Exceeding Minimum Income Restrictions:	35	15	35
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Federally Assisted At-Risk Project or HOPE VI Project]	[10]	[10]	4.4
Gross Rents	5	5	5
Large Family Units	5	5	0
Leveraging	10	10	10
Community Revitalization Area	15	15	0
Site Amenities	10	10	2.5
Service Amenities	10	10	5
New Construction	10	10	0
Sustainable Building Methods	10	10	0
Negative Points	-10	-10	0
Total Points	130	100	61.9

The criteria for which points are awarded will also be incorporated into the Resolution transferring Allocation to the Applicant as well as the appropriate bond documents and loan and finance agreements.