

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
September 21, 2016
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Richard Fischer

Applicant: California Municipal Finance Authority

Allocation Amount Requested:
Tax-exempt: \$19,000,000

Project Information:
Name: Heritage Villas Apartments
Project Address: 26836 Oso Parkway
Project City, County, Zip Code: Mission Viejo, Orange, 92691

Project Sponsor Information:
Name: Heritage Villas Housing Partners, L.P. (JHC- Heritage Villas, LLC)
Principals: Laura Archuleta, Marcy Finamore, Victor Ramirez, Jim Fox, Welton Smith, Mary Jo Goelzer for Jamboree Housing Corporation)
Property Management Company: The John Stewart Company

Project Financing Information:
Bond Counsel: Jones Hall, A Professional Law Corporation
Private Placement Purchaser: US Bank, N.A. (construction) / California Communities Reinvestment Corporation (permanent)
Public Sale: Not Applicable
Underwriter: Not Applicable
TEFRA Noticing Date: August 5, 2016
TEFRA Adoption Date: August 23, 2016

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 141, plus 2 manager units
Type: Acquisition and Rehabilitation
Type of Units: Senior Citizens

Heritage Villas is a 143 unit senior community located in Mission Viejo, CA. The project is comprised of five 3 and 4 story elevator served buildings consisting of 128 one-bedroom units and 15 two-bedroom units. The site is approximately 4.8 acres and is slightly sloped. The unit rents are restricted to households earning between 40% and 60% of the area median income. Of the 143 units, 2 units are dedicated to onsite management. Onsite amenities available at no cost to the residents include a community kitchen, library, computer center, community lounge, pool, management offices, laundry rooms, surveillance camera security, and community gathering space where onsite supportive services, such as yoga, are programmed. 142 surface parking spaces are available to the residents. Rehab to the units may include but not all central air, upgraded kitchens and countertops, window blinds, plush carpeting, walk-in closets, balcony/patio, frost free refrigerator, range, dishwasher, and garbage disposal. Construction is slated to start December 2016 and complete in November 2017.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
40% (57 units) restricted to 50% or less of area median income households.
60% (84 units) restricted to 60% or less of area median income households.
Unit Mix: 1 & 2 bedrooms

The proposed project will be providing health and wellness services and programs for individualized support for tenants (not group classes) provided by individuals (do not need to be licensed) or organizations such as visiting nurses, intergenerational visiting, and senior companion programs for a minimum of 100 hours per year.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost: \$ 36,888,372
Estimated Hard Costs per Unit: \$ 39,368 (\$5,550,945 /141 units)
Estimated per Unit Cost: \$ 257,961 (\$36,888,372 /143 units including mngr. units)
Allocation per Unit: \$ 134,752 (\$19,000,000 /141 units)
Allocation per Restricted Rental Unit: \$ 134,752 (\$19,000,000 /141 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 19,000,000	\$ 12,625,000
LIH Tax Credit Equity	\$ 4,072,957	\$ 11,637,021
Deferred Costs/Fee	\$ 2,315,415	\$ 1,126,351
Seller Carryback Loan	\$ 11,500,000	\$ 11,500,000
Total Sources	\$ 36,888,372	\$ 36,888,372

Uses of Funds:	
Land Cost/Acquisition	\$ 23,000,000
Rehabilitation	\$ 6,382,429
Relocation	\$ 400,000
Contractor Overhead	\$ 117,571
Architectural Fees	\$ 210,000
Survey and Engineering	\$ 190,000
Construction Interest and Fees	\$ 1,131,217
Permanent Financing	\$ 191,000
Legal Fees	\$ 227,001
Reserves	\$ 373,150
Appraisal	\$ 15,000
Contingency Cost	\$ 650,000
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 1,091,004
Developer Costs	\$ 2,910,000
Total Uses	\$ 36,888,372

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:

64.5 out of 140

[See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$19,000,000 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	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	0
Community Revitalization Area	5	5	0
Site Amenities	10	10	7.5
Service Amenities	10	10	5
New Construction or Substantial Renovation	10	10	0
Sustainable Building Methods	10	10	2
Forgone Eligible Developer Fee (Competitive Allocation Process Only)	10	10	0
Minimum Term of Restrictions (Competitive Allocation Process Only)	10	10	0
Negative Points (No Maximum)	-10	-10	0
Total Points	140	120	64.5

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.