

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
October 19, 2016
Staff Report
**REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT**

Prepared by: Ruben Barcelo

Applicant: Golden State Finance Authority

Allocation Amount Requested:
Tax-exempt: \$14,300,000

Project Information:
Name: Harmony Terrace Apartments
Project Address: 941 Sunset Garden Lane
Project City, County, Zip Code: Simi Valley, Ventura, 93065

Project Sponsor Information:
Name: Harmony Simi Valley AR LP (FFAH Harmony Terrace LLC and HCHP Affordable Multi-Family LLC)
Principals: Thomas Willard for FFAH II Harmony Terrace LLC; Michael A. Costa, Robert W. Tetrault, Thomas E. Erickson, and Judy Dossen for HCHP Affordable Multi-Family LLC
Property Management Company: Western National Property Management

Project Financing Information:
Bond Counsel: Kutak Rock LLP
Private Placement Purchaser: America First Multifamily Investors L.P.
Public Sale: Not Applicable
Underwriter: Not Applicable
TEFRA Noticing Date: August 20, 2016
TEFRA Adoption Date: September 13, 2016

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 134, plus 2 manager units
Type: Acquisition and Rehabilitation
Type of Units: Senior Citizens

Harmony Terrace Apartments is located in Simi Valley, Ventura County, California. This acquisition/rehab project consists of 136-units in 11 buildings situated on a 5.45 acre lot. The project buildings, which were built in 1999, consist of 111 one-bedroom units, 23 two-bedroom units, and 2 manager/employee units. Construction is slab-on-grade, wood-framed, stucco exterior with concrete shingle roofing. Target demographic is senior households earning between 35% and 60% of the AMI. The renovation plan proposes the following: replacement of boilers and related pumps, installation of photovoltaic technology for common area electrical system, mobility/communications upgrades, repainting building exteriors, wood rot repair, concrete repair, re-surfacing of parking areas, replacement of exterior windows and related trim, water-saving landscape modifications, installation of low-flow showerheads, and replacement of unit refrigerators with Energy Star models. Work is scheduled to begin in the first quarter 2017 and to be completed in the third quarter 2017.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%

99% (133 units) restricted to 50% or less of area median income households.

1% (1 units) restricted to 60% or less of area median income households.

Unit Mix: 1 & 2 bedrooms

The proposed project will not be providing service amenities.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$ 26,270,709	
Estimated Hard Costs per Unit:	\$ 17,276	(\$2,315,000 /134 units)
Estimated per Unit Cost:	\$ 193,167	(\$26,270,709 /136 units)
Allocation per Unit:	\$ 106,716	(\$14,300,000 /134 units)
Allocation per Restricted Rental Unit:	\$ 106,716	(\$14,300,000 /134 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 14,300,000	\$ 7,888,809
LIH Tax Credit Equity	\$ 473,026	\$ 7,193,731
Deferred Developer Costs	\$ 3,198,586	\$ 2,889,072
Income From Operations	\$ 262,770	\$ 262,770
GSA Loan	\$ 300,000	\$ 300,000
Seller Carryback Loan	\$ 7,306,240	\$ 7,306,240
Seller Equity	\$ 430,088	\$ 430,088
Total Sources	\$ 26,270,710	\$ 26,270,710

Uses of Funds:	
Land Cost/Acquisition	\$ 19,000,000
Rehabilitation	\$ 2,461,284
Contractor Overhead & Profit	\$ 185,200
Architectural Fees	\$ 14,000
Survey and Engineering	\$ 40,500
Construction Interest and Fees	\$ 752,259
Permanent Financing	\$ 193,173
Legal Fees	\$ 137,500
Reserves	\$ 249,514
Contingency Cost	\$ 133,064
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 115,143
Developer Costs	\$ 2,989,072
Total Uses	\$ 26,270,709

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:

51.3 out of 140

[See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$14,300,000 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	1.3
Community Revitalization Area	5	5	0
Site Amenities	10	10	0
Service Amenities	10	10	0
New Construction or Substantial Renovation	10	10	0
Sustainable Building Methods	10	10	0
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	51.3

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.