

**THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**  
**March 18, 2015**  
**Staff Report**  
**REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A**  
**QUALIFIED RESIDENTIAL RENTAL PROJECT**

*Prepared by: Brian Clark*

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**Applicant:** Housing Authority of the City of San Buenaventura

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**Allocation Amount Requested:**

**Tax-exempt:** \$600,000

The amount of allocation requested is supplemental to the \$14,400,000 of allocation the Project received on November 12, 2014.

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**Project Information:**

**Name:** Johnson Gardens Apartments  
**Project Address:** 1055 and 1079 Johnson Drive and 9620 Telephone Road  
**Project City, County, Zip Code:** Ventura, Ventura, 93004

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**Project Sponsor Information:**

**Name:** Johnson Gardens, LP (Johnson Gardens, LLC)  
**Principals:** John Polanskey & Denise Wise for Johnson Gardens, LLC  
**Property Management Company:** Housing Authority of the City of San Buenaventura

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**Project Financing Information:**

**Bond Counsel:** Jones Hall, A Professional Law Corporation  
**Underwriter:** Not Applicable  
**Credit Enhancement Provider:** Not Applicable  
**Private Placement Purchaser:** Union Bank, NA  
**TEFRA Adoption Date:** September 15, 2014

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**Description of Proposed Project:**

**State Ceiling Pool:** General  
**Total Number of Units:** 99, plus 2 manager units  
**Type:** Acquisition and Rehabilitation  
**Type of Units:** Senior Citizens

The scattered-site senior Project is located at 1055 and 1079 Johnson Dr. ("Johnson Villas") and 6920 Telephone Rd. ("Gregory Gardens") in a mixed residential and commercial area of Ventura, CA. The sites are within 2.2 miles of each other and will be collectively re-named "Johnson Gardens" after rehabilitation. The Johnson Villas site, consisting of 49 one-bedroom units and a single one-bedroom manager's unit, will be completely income restricted: 10 units at 50% AMI and 39 units at 60% AMI. The Gregory Gardens site, consisting of 50 one-bedroom units, a single two-bedroom unit and a single one-bedroom manager's unit, will be completely income restricted: 11 units at 50% AMI and 39 units at 60% AMI. The units at each site feature blinds, carpeting, refrigerator, stove, coat closet and pantry. Community amenities at each location include: a courtyard/picnic area, computer/community room with kitchen, laundry facility and on-site property management. Unit rehabilitation at each site will include new appliances, carpeting, blinds, plumbing fixtures, kitchen cabinets, paint, heating/ventilation systems and installation of wall-mounted AC units. Exterior renovations at each site will include new stucco siding, painting, landscaping and installation of security cameras. The Project's general contractor was selected in December 2014 and construction, which is expected to last approximately one year, is anticipated to begin in May 2015.

**Description of Public Benefits:**

**Percent of Restricted Rental Units in the Project:** 100%

21% (21 units) restricted to 50% or less of area median income households.

79% (78 units) restricted to 60% or less of area median income households.

**Unit Mix:** 1 & 2 bedrooms

There are no service amenities.

**Term of Restrictions:**

**Income and Rent Restrictions:** 55 years

**Details of Project Financing:**

<b>Estimated Total Development Cost:</b>	\$ 29,170,384	
<b>Estimated Hard Costs per Unit:</b>	\$ 55,865	(\$5,530,601 /99 units)
<b>Estimated per Unit Cost:</b>	\$ 294,650	(\$29,170,384 /99 units)
<b>Allocation per Unit:</b>	\$ 16,000,000	\$151,515 /99 units)
<b>Allocation per Restricted Rental Unit:</b>	\$ 16,000,000	\$151,515 /99 restricted units)

<b>Sources of Funds:</b>	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 15,000,000	\$ 0
Deferred Developer Fee	\$ 0	\$ 715,000
LIH Tax Credit Equity	\$ 143,470	\$ 8,654,540
Direct & Indirect Public Funds	\$ 12,200,000	\$ 19,498,844
Existing Project Reserves	\$ 200,000	\$ 200,000
Utility Rebates	\$ 0	\$ 102,000
<b>Total Sources</b>	<b>\$ 27,543,470</b>	<b>\$ 29,170,384</b>

<b>Uses of Funds:</b>	
Acquisition/Land Purchase	\$ 19,500,000
Hard Construction Costs	\$ 5,530,601
Architect & Engineering Fees	\$ 392,430
Contractor Overhead & Profit	\$ 177,485
Developer Fee	\$ 1,500,000
Relocation	\$ 80,000
Capitalized Interest	\$ 700,000
Other Soft Costs (Marketing, etc.)	\$ 1,289,868
<b>Total Uses</b>	<b>\$ 29,170,384</b>

**Description of Financial Structure and Bond Issuance:**

The bonds will be purchased as a private placement transaction by Union Bank, NA. The construction phase will be for a period of 18 months, during which the construction loan will be interest-only at a fixed rate of 2.40%. Upon completion of construction, the bonds will be paid off using a combination of LIHTC equity and a \$7,200,000 permanent loan provided by the Housing Authority of the City of San Buenaventura. The permanent loan will have a term of 55 years and will be payable from residual receipts at a fixed rate of 2.67%.

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**Analyst Comments:**

Not Applicable

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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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**Recommendation:**

Staff recommends that the Committee approve \$600,000 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	0
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Federally Assisted At-Risk Project or HOPE VI Project]	[10]	[10]	0
Gross Rents	5	5	0
Large Family Units	5	5	0
Leveraging	10	10	0
Community Revitalization Area	15	15	0
Site Amenities	10	10	0
Service Amenities	10	10	0
New Construction	10	10	0
Sustainable Building Methods	10	10	0
Negative Points	-10	-10	0
<b>Total Points</b>	<b>130</b>	<b>100</b>	<b>0</b>

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.