

**THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**  
**May 20, 2015**  
**Staff Report**  
***REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A***  
***QUALIFIED RESIDENTIAL RENTAL PROJECT***

*Prepared by: Sarah Lester*

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**Applicant:** Golden State Finance Authority

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**Allocation Amount Requested:**  
**Tax-exempt:** \$6,320,000

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**Project Information:**  
**Name:** Seasons at Simi Valley Apartments  
**Project Address:** 1662 Rory Lane  
**Project City, County, Zip Code:** Simi Valley, Ventura, 93063

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**Project Sponsor Information:**  
**Name:** Seasons Simi Valley AR, LP (LINC- Gardena Associates, LLC and HCHP Affordable Multi-Family, LLC)  
**Principals:** Karen Maeshima for LINC-Gardena Associates, 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

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**Project Financing Information:**  
**Bond Counsel:** Kutak Rock LLP  
**Underwriter:** Not Applicable  
**Credit Enhancement Provider:** Not Applicable  
**Private Placement Purchaser:** America First Multifamily Investors, LP  
**TEFRA Adopted Date:** April 7, 2015

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**Description of Proposed Project:**  
**State Ceiling Pool:** General  
**Total Number of Units:** 68, plus 1 manager unit  
**Type:** Acquisition and Rehabilitation  
**Type of Units:** Senior Citizens

The proposed project is an existing development located in Simi Valley, Ventura County. It sits on approximately 3.77 acres and is irregularly shaped and generally level. The development is a 69-unit senior rental community developed at an overall density of approximately 18.30 dwelling units per acre originally built in 1999. The wood-framed, slab-on-grade construction consists of 56 one-bedroom/one-bath units and 13 two-bedroom/one-bath units which are restricted to low income senior households earning 50% and 60% of the area median income. Seasons at Simi Valley offers 75 total parking spaces including 52 carports. The overall parking ratio is approximately 1.09 spaces per unit. The scope of the rehabilitation will include: Parking lot slurry coat and restriping; Replace gate motors; Repaint exterior envelope of all buildings; Change out windows (except for sliding glass doors); replace common area flooring; replace common area FFE & painting; replace current boiler system with hydronic boilers; solar/irrigation modification/synthetic turf installation; replace refrigerators; replace faucet aerators and shower heads and replace ball cock assembly of all toilets; and replace window blinds. The community will be redeveloped in one phase. The anticipated rehabilitation is slated to begin in the third quarter of 2015 with completion slated for approximately the first quarter of 2016.

**Description of Public Benefits:**

**Percent of Restricted Rental Units in the Project:** 100%  
41% (28 units) restricted to 50% or less of area median income households.  
59% (40 units) restricted to 60% or less of area median income households.  
**Unit Mix:** 1 & 2 bedrooms

There will be no service amenities provided for the proposed project.

**Term of Restrictions:**

**Income and Rent Restrictions:** 55 years

**Details of Project Financing:**

<b>Estimated Total Development Cost:</b>	\$ 10,147,614	
<b>Estimated Hard Costs per Unit:</b>	\$ 11,985	(\$815,000 /68 units)
<b>Estimated per Unit Cost:</b>	\$ 149,230	(\$10,147,614 /68 units)
<b>Allocation per Unit:</b>	\$ 92,941	(\$6,320,000 /68 units)
<b>Allocation per Restricted Rental Unit:</b>	\$ 92,941	(\$6,320,000 /68 restricted units)

<b>Sources of Funds:</b>	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 6,320,000	\$ 4,375,826
Developer Equity	\$ 0	\$ 886,824
LIH Tax Credit Equity	\$ 147,723	\$ 2,504,676
Other (Seller Note)	\$ 2,059,508	\$ 2,059,508
Other (Deferred Costs)	\$ 1,299,602	\$ 0
Other (GSFA Loan & Income during Rehab.)	\$ 320,781	\$ 320,781
<b>Total Sources</b>	<b>\$ 10,147,614</b>	<b>\$ 10,147,615</b>

<b>Uses of Funds:</b>	
Acquisition/Land Purchase	\$ 7,200,000
Hard Construction Costs	\$ 815,000
Architect & Engineering Fees	\$ 56,950
Contractor Overhead & Profit	\$ 114,100
Developer Fee	\$ 1,091,394
Cost of Issuance	\$ 155,740
Capitalized Interest	\$ 239,026
Other Soft Costs (Marketing, etc.)	\$ 475,404
<b>Total Uses</b>	<b>\$ 10,147,614</b>

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

The financial structure for the proposed project will be a private placement transaction provided by America First Multifamily Investors, LP (the "Bank") for both construction and permanent financing. During the construction phase, the bonds will consist of Senior (Series A) Bonds (\$4,375,826 with a fixed interest rate of 5.75%) and Subordinate (Series B) Bonds (\$1,944,174 with a fixed interest rate of 5.50%). The Bond interest expense will be a blended fixed interest rate of 5.67%. The rehabilitation loan term will be for 24 months with interest only payments. During the permanent financing phase, the loan term will be for 40 years with an amortization period of 35 years. The bonds will be issued by the Golden State Finance Authority.

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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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**Total Points:** 55 out of 130

[See Attachment A]

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**Recommendation:**

Staff recommends that the Committee approve \$6,320,000 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]	10
Gross Rents	5	5	5
Large Family Units	5	5	0
Leveraging	10	10	0
Community Revitalization Area	15	15	0
Site Amenities	10	10	5
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>55</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.