



Tonner Hills

Filling the Gap



Tonner Hills





Capital Structure

Construction	
Source	Amount
Tax Credit Equity	\$1,185,000
Tax-exempt Bonds	\$13,600,000
ARRA	\$6,193,345
County of Orange	\$2,000,000
City of Brea	\$1,200,000
Deferred Developer Fee	\$387,867

Permanent	
Source	Amount
Tax Credit Equity	\$7,899,663
Tax-exempt Bonds	\$4,005,000
Multifamily Housing Program/ARRA	\$7,741,681
County of Orange	\$4,000,000
City of Brea	\$1,200,000
Deferred Developer Fee	\$387,867



Tax Credit Equity

- Difficulty finding a tax credit investor
- Much of the value came from losses instead of from the tax credits
- Complex deal



Tax-exempt Bonds

- Complex deal
- Difficult to find a lender that was comfortable with MHP



Multifamily Housing Program

- Permanent only
- Carries a prevailing wage requirement
- Uncertainty of source being funded by the state



ARRA

- Partly available during construction
- Gave lender confidence that there was a take-out source even if MHP doesn't fund
- However, ARRA came with additional requirements
 - Second NEPA review including a SHPO requirement



County of Orange

- Subordination issues
- Developer fee payback limits
 - Need to pay off deferred developer fee over ten years even if additional cashflow is available to pay it off sooner
- Conflict with the City of Brea
- Additional discretionary approvals



City of Brea

- Cooperative city
- Immediately available funds
- Required more deeply discounted rents