

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
March 21, 2012
Revised Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Crystal Alvarez

Applicant: California Statewide Communities Development Authority

Allocation Amount Requested:
Tax-exempt: \$11,003,333

Project Information:
Name: Harvest Park Apartments
Project Address: South Side of East Avenue between Cussick and Esplanade
Project City, County, Zip Code: Chico, Butte, 95926

Project Sponsor Information:
Name: Chico Harvest Park, L.P. (Chico Harvest Park, LLC and Butte County Affordable Housing Corporation)
Principals: Peter Herzog, Amber Herzog and Austin Herzog for Chico Harvest Park, LLC; Edward S. Mayer for Butte County Affordable Housing Corporation
Property Management Company: Winn Residential

Project Financing Information:
Bond Counsel: Orrick, Herrington & Sutcliffe, LLP
Underwriter: Wells Fargo Bank, N.A.
Credit Enhancement Provider: Wells Fargo Bank, N.A. / Freddie Mac
TEFRA Hearing Date: May 17, 2011

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 89, plus 1 manager unit
Type: New Construction
Type of Units: Family

The project is an affordable housing community consisting of 90 units of multi-family apartments consisting of one, two, three and four bedroom units on approximately 5.5 acres. There are 12 one bedrooms, 40 two bedrooms, 26 three bedrooms, and 12 four bedrooms. All units will be rent restricted for qualified residents with incomes ranging from 30-60 percent of the area median income. At least 9 units will be dedicated to Special Needs residents (mentally or physically challenged). All units will incorporate universal design elements and those located on the first floor will be fully adaptable for any special needs requirements to support independent living. The project will include Energy Star rated refrigerators, dishwashers, exhaust fans, sink disposals, ranges with ovens as well as washers and dryers. The project will provide a community building with a fully-furnished community/meeting room with television and video capabilities, a fitness center, computer lab, kitchen, restroom facilities, and the manager's office space. The development will include a pool, bbq/picnic areas and tot lot area with play equipment for the use of all residents.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
27% (24 units) restricted to 50% or less of area median income households.
73% (65 units) restricted to 60% or less of area median income households.
Unit Mix: 1, 2, 3 & 4 bedrooms

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost: \$ 20,492,286
Estimated Hard Costs per Unit: \$ 117,383 (\$10,447,097 /89 units)
Estimated per Unit Cost: \$ 230,250 (\$20,492,286 /89 units)
Allocation per Unit: \$ 123,633 (\$11,003,333 /89 units)
Allocation per Restricted Rental Unit: \$ 123,633 (\$11,003,333 /89 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 11,003,333	\$ 3,890,339
Deferred Developer Fee	\$ 1,874,576	\$ 1,492,830
LIH Tax Credit Equity	\$ 1,712,735	\$ 5,709,117
Direct & Indirect Public Funds	\$ 5,901,642	\$ 9,400,000
Total Sources	<u>\$ 20,492,286</u>	<u>\$ 20,492,286</u>

Uses of Funds:	
Land Purchase	\$ 1,485,235
On & Off Site Costs	\$ 719,065
Hard Construction Costs	\$ 9,728,032
Architect & Engineering Fees	\$ 608,000
Contractor Overhead & Profit	\$ 738,368
Developer Fee	\$ 2,374,576
Cost of Issuance	\$ 507,952
Capitalized Interest	\$ 900,000
Other Soft Costs (Marketing, etc.)	\$ 3,431,058
Total Uses	<u>\$ 20,492,286</u>

Description of Financial Structure and Bond

Wells Fargo Bank, N.A. will provide the credit enhancement for the publicly sold tax-exempt bonds (A Series Bonds) in the approximate amount of \$3,988,697 (covering the A Series Bond amount as well as 200 days of interest, per Freddie Mac requirements) as well as a private placement of tax-exempt bonds (B Series Bonds) in the approximate amount of \$7,014,636 during the construction period. Freddie Mac will provide the credit enhancement to the permanent period bonds in the approximate amount of \$3,890,339 (Permanent Period Loan). The construction period interest rate on the A Series bonds shall be fixed and is an estimated rate of 4.75%. The Permanent Period rate shall be an estimated rate of 5.80% with a 35 year amortization.

Analyst Comments:

Recommended with a conditional approval that prior to issuance, evidence from the State Department of Finance that RDA funding is an enforceable obligation is submitted to the Committee.

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: 87.3 out of 128
[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$11,003,333 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]	4.8
Gross Rents	5	5	5
Large Family Units	5	5	5
Leveraging	10	10	10
Community Revitalization Area	15	15	0
Site Amenities	10	10	7.5
Service Amenities	10	10	0
New Construction	10	10	10
Sustainable Building Methods	10	10	10
Negative Points	-10	-10	0
Total Points	128	110	87.3

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.