

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE  
November 15, 2017  
Staff Report  
**REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A  
QUALIFIED RESIDENTIAL RENTAL PROJECT**

Prepared by: Richard Fischer

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**Applicant:** City of Ontario

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**Allocation Amount Requested:** Tax-exempt: \$7,447,037

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**Project Information:** Name: Seasons at Ontario Apartments  
Project Address: 955 N. Palmetto  
Project City, County, Zip Code: Ontario, San Bernardino, 91762

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**Project Sponsor Information:** Name: LINC Ontario Apartments LP (LINC Ontario Apartments LLC and LINC Community Development Corporation)  
Principals: Rebecca Clark, Suny Lay Chang, Nina Dooley, Samara Larson and Divya Gill for both LINC-Ontario Apartments, LLC and LINC Community Development Corporation  
Property Management Company: U. S. Residential Group (USRG)

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**Project Financing Information:** Bond Counsel: Jones Hall, A Professional Law Corporation  
Private Placement Purchaser: BBVA Compass  
Cash Flow Permanent Bond: Not Applicable  
Public Sale: Not Applicable  
Underwriter: Not Applicable  
Credit Enhancement Provider: Not Applicable  
Rating: Not Applicable  
TEFRA Noticing Date: September 18, 2017  
TEFRA Adoption Date: October 3, 2017

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**Description of Proposed Project:** State Ceiling Pool: General  
Total Number of Units: 80  
Manager's Units: 2 Unrestricted  
Type: Acquisition and Rehabilitation  
Population Served: Senior Citizens

Seasons at Ontario Apartments is an existing project located in Ontario on a 3.23-acre site. The project consists of 78 restricted rental units and 2 unrestricted managers' units. The project has 61 one-bedroom units and 19 two-bedroom units. The renovations will include building exterior and interior upgrades. Building exterior renovations will consist of dry rot repairs, new deck coating and waterproofing, window replacements and drywall patching. Interior renovations will include community room upgrades and ADA upgrades to 9 units. Individual apartment units will be updated with a new appliance package, countertops, cabinets, fixtures, paint and electrical updates. The rehabilitation is expected to begin in December 2017 and completed in November 2018.

**Description of Public Benefits:**

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

10% (8 units) restricted to 50% or less of area median income households.

90% (70 units) restricted to 60% or less of area median income households.

**Unit Mix:** 1 & 2 bedrooms

The proposed project will be providing service amenities such as after school programs and instructor-led educational, health and wellness, or skill building classes.

**Term of Restrictions:**

**Income and Rent Restrictions:** 55 years

**Details of Project Financing:**

<b>Estimated Total Development Cost:</b>	\$ 13,658,649	
<b>Estimated Hard Costs per Unit:</b>	\$ 35,234	(\$2,818,734 /80 units including mgr. units)
<b>Estimated per Unit Cost:</b>	\$ 170,733	(\$13,658,649 /80 units including mgr. units)
<b>Allocation per Unit:</b>	\$ 93,088	(\$7,447,037 /80 units including mgr. units)
<b>Allocation per Restricted Rental Unit:</b>	\$ 95,475	(\$7,447,037 /78 restricted units)

<b>Sources of Funds:</b>	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 7,447,037	\$ 2,586,200
LIH Tax Credit Equity	\$ 219,055	\$ 4,381,094
Developer Equity	\$ 1,600	\$ 1,600
Deferred Developer Fee	\$ 1,104,550	\$ 1,104,550
Deferred Costs	\$ 533,167	\$ 0
Seller Carryback Loan	\$ 0	\$ 356,306
City of Ontario Assumed Principal	\$ 2,656,200	\$ 2,656,200
City of Ontario Assumed Interest	\$ 1,529,640	\$ 1,529,640
Accrued/Deferred Interest	\$ 167,400	\$ 167,400
Weatherization Loan	\$ 0	\$ 596,160
Income during Construction	\$ 0	\$ 279,499
<b>Total Sources</b>	<b>\$ 13,658,649</b>	<b>\$ 13,658,649</b>

  

<b>Uses of Funds:</b>	
Land Cost/Acquisition	\$ 6,875,000
Rehabilitation	\$ 3,003,848
Relocation	\$ 65,000
Contractor Overhead & Profit	\$ 164,604
Architectural Fees	\$ 150,000
Survey and Engineering	\$ 30,000
Construction Interest and Fees	\$ 730,506
Permanent Financing	\$ 35,862
Legal Fees	\$ 75,000
Reserves	\$ 172,976
Appraisal	\$ 7,500
Hard Cost Contingency	\$ 316,845
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 388,075
Developer Costs	\$ 1,643,433
<b>Total Uses</b>	<b>\$ 13,658,649</b>

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**Analyst Comments:**

None

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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:**

87 out of 140 [See Attachment A]

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**Recommendation:**

Staff recommends that the Committee approves \$7,447,037 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
Preservation Project	20	20	20
Exceeding Minimum Income Restrictions:	35	15	25
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	0
Gross Rents	5	5	5
Large Family Units	5	5	0
Leveraging	10	10	10
Community Revitalization Area	5	5	0
Site Amenities	10	10	10
Service Amenities	10	10	10
New Construction or Substantial Renovation	10	10	0
Sustainable Building Methods	10	10	7
Forgone Eligible Developer Fee (Competitive Allocation Process Only)	10	10	N/A
Minimum Term of Restrictions (Competitive Allocation Process Only)	10	10	N/A
Negative Points (No Maximum)	-10	-10	0
<b>Total Points</b>	<b>140</b>	<b>110</b>	<b>87</b>