

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
May 23, 2007
Executive Summary
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by Brady Hill.

Applicant: ABAG Finance Authority for Nonprofit Corporations

Allocation Amount Requested: Tax-exempt \$6,500,000

Project Name: Heritage Park Apartments
Project Address: 2665 Clark Avenue
Project City, County, Zip Code: Norco, Riverside, 92860

The proposed Project is located in a Community Revitalization Area, more specifically the Norco Redevelopment Project Area.

Project Sponsor Information:

Name: To be formed, LP (Wasatch Advantage Group, LLC and Hearthstone Housing Foundation, Inc.)
Principals: Kipling S. Sheppard, Jeff Nielson, Brad Mishler, Dell Loy Hansen, Joel Larson, Kevin Keating and Tony Hladek for Wasatch Advantage Group, LLC; Socorro Vasquez and Juan Maldonado for Hearthstone Housing Foundation

Project Financing Information:

Bond Counsel: Jones Hall, A Professional Law Corporation
Underwriter: Citibank
Credit Enhancement Provider: Not applicable
Private Placement Purchaser: Citigroup North America Inc. (Citibank)
TEFRA Hearing: November 28, 2006

Description of Proposed Project:

State Ceiling Pool: General
Total Number of Units: 86, plus 1 manager unit
Type: Acquisition and Rehabilitation
Type of Units: Senior

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
10% (9 units) restricted to 50% or less of area median income households; and
90% (77 units) restricted to 60% or less of area median income households.
Unit Mix: 1 and 2 bedrooms

Term of Restrictions: 55 years

Estimated Total Development Cost:	\$13,517,295
Estimated Hard Costs per Unit:	\$ 21,567 (\$1,854,762/86 units)
Estimated per Unit Cost:	\$ 157,178 (\$13,517,295/86 units)
Allocation per Unit:	\$ 75,581 (\$6,500,000/86 units)
Allocation per Restricted Rental Unit:	\$ 75,581 (\$6,500,000/86 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 6,500,000	\$ 4,311,009
LIH Tax Credit Equity	\$ 852,734	\$ 4,106,286
Direct & Indirect Public Funds	\$ 5,110,000	\$ 5,100,000
Costs Paid at Perm Closing	<u>\$ 1,064,561</u>	<u>\$ 0</u>
Total Sources	\$13,517,295	\$13,517,295

Uses of Funds:	
Acquisition Cost	\$ 9,040,500
Hard Construction Costs	\$ 1,854,762
Architect & Engineering Fees	\$ 93,419
Contractor Overhead & Profit	\$ 134,160
Developer Fee	\$ 1,539,242
Cost of Issuance	\$ 135,450
Other Soft Costs	<u>\$ 719,762</u>
Total Uses	\$13,517,295

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: 64.5 out of 128
[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$6,500,000 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: Non-Mixed Income Project Mixed Income Project	35	15	25
Gross Rents	5	5	5
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Federally Assisted At-Risk Project or HOPE VI Project]	[10]	[10]	7
Large Family Units	5	5	0
Leveraging	10	10	0
Community Revitalization Area	15	15	5
Site Amenities	10	10	7.5
Service Amenities	10	10	10
Sustainable Building Methods	8	8	5
New Construction	10	10	0
Negative Points	NA	NA	0
Total Points	128	108	64.5

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.