

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
May 18, 2011
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Sarah Lester

Applicant: California Municipal Finance Authority

Allocation Amount Requested:
Tax-exempt: \$7,600,000

Project Information:
Name: Orange Gardens Apartments
Project Address: 12510 Oak Knoll Road
Project City, County, Zip Code: Poway, San Diego, 92064

Project Sponsor Information:
Name: Poway Family Housing Partners, LP (Foundation for Affordable Housing V, Inc.; and Affirmed Housing Group, Inc.)
Principals: Tom Willard, Deborah Willard and Anjie Ponce for Foundation for Affordable Housing V, Inc.; James Silverwood for Affirmed Housing Group, Inc.

Project Financing Information:
Bond Counsel: Quint & Thimmig LLP
Underwriter: Wells Fargo Bank, N.A.
Private Placement Purchaser: Wells Fargo Bank, N.A. (constr.) / CCRC (perm.)
TEFRA Hearing Date: January 18, 2011

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 51, plus 0 manager units
Type: Acquisition and Rehabilitation
Type of Units: Family

The proposed project is to rehabilitate and convert an existing 52 unit market rate apartment complex into an affordable apartment complex. The project consist of six (6) two-story, walk up buildings with eighty (80) surface parking spaces. The project will involve the construction of a 1,500 square foot community building for the residents.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
51% (26 units) restricted to 50% or less of area median income households.
49% (25 units) restricted to 60% or less of area median income households.
Unit Mix: 1, 2 & 3 bedrooms

The proposed project will add 52 affordable units to the City of Poway.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost: \$ 14,420,593
Estimated Hard Costs per Unit: \$ 75,972 (\$3,874,570 /51 units)
Estimated per Unit Cost: \$ 282,757 (\$14,420,593 /51 units)
Allocation per Unit: \$ 149,020 (\$7,600,000 /51 units)
Allocation per Restricted Rental Unit: \$ 149,020 (\$7,600,000 /51 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 7,600,000	\$ 1,523,000
Developer Equity	\$ 200,000	\$ 200,000
LIH Tax Credit Equity	\$ 985,593	\$ 3,790,720
Direct & Indirect Public Funds	\$ 5,635,000	\$ 8,846,000
Other	\$ 0	\$ 60,873
Total Sources	\$ 14,420,593	\$ 14,420,593

Uses of Funds:	
Land Purchase	\$ 6,250,000
On & Off Site Costs	\$ 814,382
Hard Construction Costs	\$ 3,060,188
Architect & Engineering Fees	\$ 315,500
Contractor Overhead & Profit	\$ 200,000
Developer Fee	\$ 1,400,000
Relocation	\$ 400,000
Cost of Issuance	\$ 225,000
Capitalized Interest	\$ 240,000
Other Soft Costs	\$ 1,515,523
Total Uses	\$ 14,420,593

Description of Financial Structure and Bond Issuance:

The financing for the Proposed Project will be structured using a private placement of tax-exempt bonds to be issued by the California Municipal Finance Authority. Wells Fargo Bank, N.A. will provide construction financing in the amount of \$7,600,000 for the project. The project is underwritten at an interest rate of 4.25%. The term of the Construction period is 18-months with two (2) extension options of three (3) months to extend the Loan. During the Construction period the loan will be recourse and interest only will be repayable on the loan on a monthly basis. Permanent financing will be provided by California Community Reinvestment Corporation in the amount of \$1,523,000. The term of the loan is 18 years with a 30 year amortization. In addition to tax-exempt bonds, anticipated sources of funds include tax equity, direct & indirect public funds, developer equity and cash flow from current operations.

Analyst Comments:

N/A

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:

60 out of 118

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$7,600,000 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]	0
Gross Rents	5	5	5
Large Family Units	5	5	0
Leveraging	10	10	10
Community Revitalization Area	15	15	0
Site Amenities	10	10	10
Service Amenities	10	10	0
New Construction	10	10	0
Sustainable Building Methods	8	8	0
Negative Points	-10	-10	0
Total Points	118	98	60

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.