

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
July 20, 2011
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Crystal Alvarez

Applicant: California Municipal Finance Authority

Allocation Amount Requested:
Tax-exempt: \$10,000,000

Project Information:
Name: Poway Villas Apartments
Project Address: 13001 Bowron Road
Project City, County, Zip Code: Poway, San Diego, 92064

Project Sponsor Information:
Name: Poway Villas Housing Associates, LP (CHW Civic Center, LLC)
Principals: Susan Reynolds and Anne B. Wilson
Property Management Company: ConAm Management Corporation

Project Financing Information:
Bond Counsel: Jones Hall, A Professional Law Corporation
Private Placement Purchaser: Union Bank, N.A.
TEFRA Hearing Date: April 19, 2011

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 59, plus 1 manager unit
Type: Acquisition and Rehabilitation
Type of Units: Family

The project is an existing 60 unit HUD 236 apartment complex situated on 3.13 acres in the City of Poway, inland San Diego County. The rehabilitation of the project includes renovation of unit interiors, site/landscape/parking, and the construction of a new community building. In addition, repair and renovations of the exterior buildings will include new roofs and insulation, and other green efficiency, water efficiency, use of recycled or recyclable materials, and indoor air quality. The grounds and play areas will be renovated to accommodate families, children and individual recreation.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
31% (18 units) restricted to 50% or less of area median income households.
69% (41 units) restricted to 60% or less of area median income households.
Unit Mix: 1, 2 & 3 bedrooms

The Project is located near Valley Elementary School, Valley Preschool, a recreation facility, public transportation, Vons Grocery and the Poway Branch Library.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$ 18,147,877	
Estimated Hard Costs per Unit:	\$ 54,272	(\$3,202,063 /59 units)
Estimated per Unit Cost:	\$ 307,591	(\$18,147,877 /59 units)
Allocation per Unit:	\$ 169,492	(\$10,000,000 /59 units)
Allocation per Restricted Rental Unit:	\$ 169,492	(\$10,000,000 /59 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 10,000,000	\$ 7,251,000
LIH Tax Credit Equity	\$ 1,178,502	\$ 5,612,742
Seller Note, Purchased Reserves, etc.	\$ 6,969,375	\$ 5,284,135
Total Sources	\$ 18,147,877	\$ 18,147,877

Uses of Funds:	
Acquisition Cost	\$ 8,440,000
On & Off Site Costs	\$ 769,400
Hard Construction Costs	\$ 2,432,663
Architect & Engineering Fees	\$ 400,000
Contractor Overhead & Profit	\$ 274,465
Developer Fee	\$ 2,027,100
Relocation	\$ 740,000
Cost of Issuance	\$ 327,100
Capitalized Interest	\$ 344,446
Other Soft Costs (Marketing, etc.)	\$ 2,392,703
Total Uses	\$ 18,147,877

Description of Financial Structure and Bond Issuance:

The tax-exempt bonds will be privately placed with Union Bank for the construction and permanent financing. During construction, the bonds will carry a variable interest rate based on the 30-day LIBOR index. Upon completion of initial lease-up and stabilization, the borrower will redeem a portion of the bonds using an installment of limited partner equity, at which point the bonds will become fixed-rate for a term 17 years.

Analyst Comments:

Not Applicable

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: 60.5 out of 118

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$10,000,000 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]	5.5
Gross Rents	5	5	5
Large Family Units	5	5	5
Leveraging	10	10	0
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	60.5

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.