

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE  
May 16, 2012  
Staff Report  
*REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A  
QUALIFIED RESIDENTIAL RENTAL PROJECT*

*Prepared by: Annie Ong*

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**Applicant:** California Municipal Finance Authority

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**Allocation Amount Requested:**  
**Tax-exempt:** \$14,000,000

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**Project Information:**  
**Name:** Fred Young Farmworker Apartments, Phase 1  
**Project Address:** 83681 Dr. Carreon Boulevard  
**Project City, County, Zip Code:** Indio, Riverside, 92201

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**Project Sponsor Information:**  
**Name:** To Be Determined (Coachella Valley Housing Coalition)  
**Principals:** Coachella Valley Housing Coalition: John Mealey and Pedro Rodriguez  
**Property Management Company:** Hyder Property Management Professionals

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**Project Financing Information:**  
**Bond Counsel:** Jones Hall, A Professional Law Corporation  
**Underwriter:** Not Applicable  
**Credit Enhancement Provider:** Not Applicable  
**Private Placement Purchaser:** U.S. Bank  
**TEFRA Hearing Date:** February 15, 2012

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**Description of Proposed Project:**  
**State Ceiling Pool:** General  
**Total Number of Units:** 84, plus 1 manager unit  
**Type:** New Construction  
**Type of Units:** Family

The Project will consist of 84 apartment housing units and 1 managers unit for farmworkers. The development will be constructed on 8.09 acres of vacant land. The Fred Young Farm Labor Camp is an existing 253 unit farmworker complex that needs to be replaced. Fred Young Farmworker Apartments, Phase 1 is the first phase of a three phases process to provide replacement housing for the existing camp. The new Project will be open to families from the existing camp and as tenants leave the existing community the old camp will be demolished. Coachella Valley Housing Coalition has processed a specific plan for the 58.5 acre Fred Young Farm Labor Camp that includes a mix of additional apartment units, single family homes, commercial, and other community uses.

**Description of Public Benefits:**

**Percent of Restricted Rental Units in the Project:** 100%  
31% (26 units) restricted to 50% or less of area median income households.  
69% (58 units) restricted to 60% or less of area median income households.  
**Unit Mix:** 1, 2, 3 & 4 bedrooms

The Project will offer after school programs and instructor-led education, health and wellness or skill building classes.

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**Term of Restrictions:**

**Income and Rent Restrictions:** 55 years

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**Details of Project Financing:**

**Estimated Total Development Cost:** \$ 22,572,088  
**Estimated Hard Costs per Unit:** \$ 154,468 (\$12,975,310 /84 units)  
**Estimated per Unit Cost:** \$ 268,715 (\$22,572,088 /84 units)  
**Allocation per Unit:** \$ 166,667 (\$14,000,000 /84 units)  
**Allocation per Restricted Rental Unit:** \$ 166,667 (\$14,000,000 /84 restricted units)

<b>Sources of Funds:</b>	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 14,000,000	\$ 0
Developer Equity	\$ 0	\$ 1,100,000
LIH Tax Credit Equity	\$ 300,000	\$ 9,950,605
Direct & Indirect Public Funds	\$ 6,199,952	\$ 11,521,483
<b>Total Sources</b>	<b>\$ 20,499,952</b>	<b>\$ 22,572,088</b>

  

<b>Uses of Funds:</b>	
Land Purchase	\$ 20,000
On & Off Site Costs	\$ 4,274,352
Hard Construction Costs	\$ 8,700,958
Architect & Engineering Fees	\$ 1,135,000
Contractor Overhead & Profit	\$ 1,745,938
Developer Fee	\$ 2,300,000
Cost of Issuance	\$ 201,583
Capitalized Interest	\$ 518,699
Other Soft Costs (Marketing, etc.)	\$ 3,675,558
<b>Total Uses</b>	<b>\$ 22,572,088</b>

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**Description of Financial Structure and Bond Issuance:**

U.S. Bank will purchase tax-exempt private activity bonds to fund the construction loan of the Project. The loan amount is \$14,000,000 for a period of 22 months. The tax-exempt interest rate will be LIBOR x US Bank's tax exempt + liquidity add on charge + 150 bps (variable rate). The taxable rate will be LIBOR + liquidity add on charge + 150 bps (variable rate). Additional public financing will include a HOME loan of \$1,000,000, a Federal Home Loan Bank AHP of \$840,000, HCD Multifamily Housing Program loan of \$5,321,531, a Joe Serna, Jr. Farmworker Housing Grant Program loan of \$1,000,000 and a RHS 514 loan of \$3,359,952.

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**Analyst Comments:**

Not Applicable

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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:** 100.2 out of 120

[See Attachment A]

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**Recommendation:**

Staff recommends that the Committee approve \$14,000,000 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]	7.7
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	10
New Construction	10	10	10
Sustainable Building Methods	10	10	10
Negative Points	-10	-10	0
<b>Total Points</b>	<b>120</b>	<b>100</b>	<b>100.2</b>

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.