

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
July 18, 2012
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Annie Ong

Applicant: The City of Loma Linda

Allocation Amount Requested:
Tax-exempt: \$9,000,000

Project Information:
Name: Loma Linda Terrace Apartments
Project Address: 10846 Poplar Street
Project City, County, Zip Code: Loma Linda, San Bernardino, 92354

Project Sponsor Information:
Name: 10846 Poplar St., L.P.(Corporation for Better Housing and Kavigem, Inc.)
Principals: Corporation for Better Housing: Gwendy Silver Egnater and David Sclafani
Property Management Company: Kavigem, Inc.: Charles Brumbaugh
CBH Property Management, LLC

Project Financing Information:
Bond Counsel: Stradling, Yocca, Carlson & Rauth
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Private Placement Purchaser: Hunt Capital Partners, LLC
TEFRA Hearing Date: May 22, 2012

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 49, plus 1 manager unit
Type: New Construction
Type of Units: Senior Citizens

The Project is a senior development which will be located in the City of Loma Linda. The site is currently vacant with low-lying natural vegetation throughout the site. The Project will be situated on a 2.65 acre site and will consist of one (1) three-story corridor building. Each apartment will include the following amenities: range, frost-free refrigerator, oven, dishwasher, air conditioning, and pre-wired with CAT 5 (high speed internet capabilities). All of the apartments will be designed for energy efficiency and include energy star rated appliances. Common amenities will include: elevator access to each floor, laundry facility, clubhouse, community room with common kitchen, and barbecue areas. Construction will begin in October 2012 and end in October 2013.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
55% (27 units) restricted to 50% or less of area median income households.
45% (22 units) restricted to 60% or less of area median income households.
Unit Mix: 1 & 2 bedrooms

Service amenities will not be offered.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$	13,227,391	
Estimated Hard Costs per Unit:	\$	144,377	(\$7,074,462 /49 units)
Estimated per Unit Cost:	\$	269,947	(\$13,227,391 /49 units)
Allocation per Unit:	\$	183,673	(\$9,000,000 /49 units)
Allocation per Restricted Rental Unit:	\$	183,673	(\$9,000,000 /49 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 9,000,000	\$ 2,622,583
Developer Equity	\$ 0	\$ 1,211,860
LIH Tax Credit Equity	\$ 723,080	\$ 5,592,948
Direct & Indirect Public Funds	\$ 2,100,000	\$ 3,500,000
Other - HA Loan	\$ 300,000	\$ 300,000
Total Sources	\$ 12,123,080	\$ 13,227,391

Uses of Funds:	
Acquisition/Land Purchase	\$
On & Off Site Costs	\$ 1,150,000
New Construction Costs	\$ 5,924,462
Architect & Engineering Fees	\$ 434,750
Contractor Overhead & Profit	\$ 424,468
Developer Fee	\$ 1,670,000
Cost of Issuance	\$ 228,800
Other Soft Costs (Marketing, etc.)	\$ 3,394,911
Total Uses	\$ 13,227,391

Description of Financial Structure and Bond Issuance:

Hunt Capital Partners, LLC will fund the Project by purchasing \$9,000,000 of tax-exempt bonds. The construction loan interest rate will be set at the time of closing. The rate is based on prime plus 200 basis points. The interest rate will be variable for the entire term of the construction loan. The permanent loan rate will be set and rate locked at the time of construction loan closing. The rates will be based on a spread of approximately 400 basis points above the 10-year Treasury Bill. The spread is subject to change. The rate is projected to be 6.00%.

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: 72.5 out of 130

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$9,000,000 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]	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	2.5
Service Amenities	10	10	0
New Construction	10	10	10
Sustainable Building Methods	10	10	10
Negative Points	-10	-10	0
Total Points	130	100	72.5

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.