

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
November 13, 2013
Staff Report
**REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT**

Prepared by: Leslie J. Campaz

Applicant: California Statewide Communities Development Authority

Allocation Amount Requested:

Tax-exempt: \$1,100,000

The amount of allocation requested is supplemental to the \$8,200,000 of allocation the Project received on July 17, 2013.

Project Information:

Name: Harden Ranch Apartments
Project Address: 1907 Dartmouth Way
Project City, County, Zip Code: Salinas, Monterey, 93906

Project Sponsor Information:

Name: Harden Salinas AR, L.P. (Community Housing Improvement Systems and Planning Associates, Inc.; HCHP Affordable Multi-Family, LLC)
Principals: Alfred Diaz-Infante and Norm Kolpin for Community Housing Improvement Systems and Planning Associates, Inc.; Michael A. Costa, Robert W. Tetrault, Thomas E. Erickson, and Judy Dossen for HCHP Affordable Multi-Family, LLC
Property Management Company: CHISPA Housing Management Inc.

Project Financing Information:

Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Private Placement Purchaser: America First Tax Exempt Investors, L.P.
TEFRA Hearing Date: June 11, 2013

Description of Proposed Project:

State Ceiling Pool: General
Total Number of Units: 98, plus 2 manager units
Type: Acquisition and Rehabilitation
Type of Units: Family

The proposed acquisition and rehabilitation project is an existing 100-unit family housing facility located in the City of Salinas. Of the 100 units, 98 will be restricted to households with incomes no greater than 60% of the area median income and the remaining 2 will be manager units. The unit mix is comprised of 16 one-bedroom units, 20 two-bedroom units, 48 three-bedroom units, and 16 four-bedroom units. The community will be redeveloped in one phase. The anticipated rehabilitation is slated to begin in the first quarter of 2014 with completion slated for approximately the second quarter of 2014.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
42% (41 units) restricted to 50% or less of area median income households.
58% (57 units) restricted to 60% or less of area median income households.
Unit Mix: 1, 2, 3 & 4 bedrooms

After school programs and instructor led educational classes will be provided free of charge for a minimum of 10 years.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$	12,342,577	
Estimated Hard Costs per Unit:	\$	10,745	(\$1,053,000 /98 units)
Estimated per Unit Cost:	\$	125,945	(\$12,342,577 /98 units)
Allocation per Unit:	\$	94,898	(\$1,100,000 /98 units)
Allocation per Restricted Rental Unit:	\$	94,898	(\$1,100,000 /98 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 9,300,000	\$ 7,065,705
Deferred Developer Fee	\$ 0	\$ 778,322
LIH Tax Credit Equity	\$ 121,638	\$ 3,262,526
Other (Costs Paid at Perm Closing)	\$ 1,684,913	\$ 0
Other (Seller Note and Income during rehab.)	\$ 1,236,026	\$ 1,236,026
Total Sources	\$ 12,342,577	\$ 12,342,577

Uses of Funds:	
Acquisition/Land Purchase	\$ 8,800,000
On & Off Site Costs	\$ 0
Hard Construction Costs	\$ 1,053,000
Architect & Engineering Fees	\$ 45,500
Contractor Overhead & Profit	\$ 140,000
Developer Fee	\$ 1,428,300
Relocation	\$ 0
Cost of Issuance	\$ 52,000
Capitalized Interest	\$ 463,875
Other Soft Costs (Marketing, etc.)	\$ 359,902
Total Uses	\$ 12,342,577

Description of Financial Structure and Bond Issuance:

This is a private placement bond transaction with the bonds being purchased at closing by America First Tax Exempt Investors, L.P. The Series A bonds will have a maturity of up to 40 years from the day of closing. The bonds will pay monthly principal and interest. It is anticipated that the amortization of the Series A Bonds is 35 years with 2 years of interest only. The bonds will have a fixed interest rate at 5.25%.

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.

Recommendation:

Staff recommends that the Committee approve \$1,100,000 in tax exempt bond allocation on a carryforward basis.

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]	9.7
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	10
New Construction	10	10	0
Sustainable Building Methods	10	10	0
Negative Points	-10	-10	-10
Total Points	130	100	64.7

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.