

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
December 11, 2013
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Crystal Alvarez

Applicant: California Statewide Communities Development Authority

Allocation Amount Requested:
Tax-exempt: \$5,340,000

Project Information:
Name: College Park Apartments
Project Address: 43331 30th Street West
Project City, County, Zip Code: Lancaster, Los Angeles, 93536

Project Sponsor Information:
Name: Reliant-San Gabriel, LP (Rainbow Housing Assistance Corporation and Gung Ho-San Gabriel, LLC)
Principals: Flynn Janisse for Rainbow Housing Assistance Corporation; Gung Ho-San Gabriel, LLC for Joseph L. Sherman, J. Caskie Collet for Gung Ho-San Gabriel, LLC
Property Management Company: FPI Management Inc.

Project Financing Information:
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Private Placement Purchaser: Citibank, N.A. / Reliant Cap VII, LLC
TEFRA Hearing Date: November 12, 2013

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 60, plus 1 manager unit
Type: Acquisition and Rehabilitation
Type of Units: Family/Federally Assisted At-Risk

The College Park Apartments is an existing 61 unit development located in Lancaster, California. The project has 8 two-story buildings made of a wood frame, stucco with wood siding structures. The project consist of forty-nine (49) 2-bedroom units, six (6) 3-bedroom units and six (6) 4-bedroom units. The unit amenities include a patio or balcony, carpeting, blinds, coat closets, exterior storage and walk-in closets. In addition, the property has a one-story leasing office in the center of the complex, a picnic area, a children's playground and laundry facility. The scope of renovation will include: new roofs, replacing all windows and sliding doors, paint, attic insulation, exterior lights, adding a seal coat to the parking lot and drought tolerant landscaping. The project plans to add an 1,125 square feet community room and computer lab for resident services.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
32% (19 units) restricted to 50% or less of area median income households.
68% (41 units) restricted to 60% or less of area median income households.
Unit Mix: 2, 3 & 4 bedrooms

No service amenities are required to be provided at this property.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$	10,920,444	
Estimated Hard Costs per Unit:	\$	36,430	(\$2,185,776 /60 units)
Estimated per Unit Cost:	\$	182,007	(\$10,920,444 /60 units)
Allocation per Unit:	\$	89,000	(\$5,340,000 /60 units)
Allocation per Restricted Rental Unit:	\$	89,000	(\$5,340,000 /60 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 4,040,000	\$ 4,040,000
Senior Taxable Loan Proceeds	\$ 1,020,000	\$ 1,020,000
Subordinate Tax-Exempt Bond Proceeds	\$ 1,300,000	\$ 1,300,000
LIH Tax Credit Equity	\$ 2,478,896	\$ 3,058,425
Deferred Developer Fee Note	\$ 0	\$ 901,470
Cash Flow	\$ 600,549	\$ 600,549
Total Sources	\$ 9,439,445	\$ 10,920,444

Uses of Funds:	
Acquisition/Land Purchase	\$ 5,998,000
Reserves	\$ 318,680
Hard Construction Costs	\$ 2,185,776
Architect & Engineering Fees	\$ 11,375
Contractor Overhead & Profit	\$ 229,516
Developer Fee	\$ 1,162,319
Relocation	\$ 13,508
Cost of Issuance	\$ 173,315
Capitalized Interest	\$ 621,675
Other Soft Costs (Marketing, etc.)	\$ 206,280
Total Uses	\$ 10,920,444

Description of Financial Structure and Bond Issuance:

The tax-exempt bond allocation will be privately placed with Citibank, N.A. (the "bank") and Reliant Cap VII, LLC. Citibank, N.A. will purchase \$4,040,000 of the tax-exempt bonds and Reliant Cap, VII, LLC will purchase \$1,300,000 of the subordinate tax-exempt bonds. The bank has committed to providing the construction loan which will fixed rate, based on a 1-year MMD index plus a spread of 0.27%. The subordinate loan will carry a 37-year maturity with a fixed interest rate of 9.50%. Citibank, N.A will also provide a conventional taxable loan in the amount of \$1,020,000 with a maturity of 15 years and amortization of 35 years. The conventional loan will carry a fixed interest rate of a 10-year US Treasury Yield plus a spread of approximately 2.59%

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: 72.7 out of 130

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$5,340,000 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	20
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	5.2
Community Revitalization Area	15	15	0
Site Amenities	10	10	2.5
Service Amenities	10	10	0
New Construction	10	10	0
Sustainable Building Methods	10	10	5
Negative Points	-10	-10	0
Total Points	130	110	72.7

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.