

**THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**  
**July 15, 2015**  
**Staff Report**  
**REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A**  
**QUALIFIED RESIDENTIAL RENTAL PROJECT**

*Prepared by: Brian Clark*

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**Applicant:** California Municipal Finance Authority

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**Allocation Amount Requested:**  
**Tax-exempt:** \$28,000,000

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**Project Information:**  
**Name:** College Park II Apartments  
**Project Address:** Northeast Corner of Satterfield Way and Notre Dame Drive  
**Project City, County, Zip Code:** Chino, San Bernardino, 91710

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**Project Sponsor Information:**  
**Name:** BHC College Park II, LP (BHC College Park II, LLC)  
**Principals:** Cynthia Parker, Susan M. Johnson, D. Kemp Valentine, Rebecca Hlebasko, and Kimberly McKay for BHC College Park II, LLC  
**Property Management Company:** BRIDGE Property Management Company

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**Project Financing Information:**  
**Bond Counsel:** Quint & Thimmig LLP  
**Underwriter:** Not Applicable  
**Credit Enhancement Provider:** Not Applicable  
**Private Placement Purchaser:** Bank of America, NA (const.)  
California Community Reinvestment Corporation (perm.)  
**TEFRA Adoption Date:** April 7, 2015

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**Description of Proposed Project:**  
**State Ceiling Pool:** General  
**Total Number of Units:** 198, plus 2 manager units  
**Type:** New Construction  
**Type of Units:** Family

The Project will be located on a 9.226 acre site and will be part of the larger 470 acre College Park Master Planned Community in Central/Southern Chino. The Project, consisting of 12 residential buildings, a community center and 419 surface parking spaces; will house 198 tenant units (38 one-bedroom units, 126 two-bedroom units and 33 three-bedroom units) and 2 three-bedroom manager's units. All units will be income restricted: 20 units at 50% Area Median Income ("AMI") and 178 units at 60% AMI. Unit amenities will include central AC/heat, refrigerator, range, garbage disposal, dishwasher, patio/balcony, external storage area, coat closet, blinds and sprinklers. Site amenities will include a pool, fitness center, tot lot, BBQ area, computer center, laundry room, secure access and a community center housing a multi-purpose room, TV room and kitchen. Construction is anticipated to start in August 2015 with completion in December 2016.

**Description of Public Benefits:**

**Percent of Restricted Rental Units in the Project:** 100%  
10% (20 units) restricted to 50% or less of area median income households.  
90% (178 units) restricted to 60% or less of area median income households.  
**Unit Mix:** 1, 2 & 3 bedrooms

There are no service amenities.

**Term of Restrictions:**

**Income and Rent Restrictions:** 55 years

**Details of Project Financing:**

**Estimated Total Development Cost:** \$ 39,716,229  
**Estimated Hard Costs per Unit:** \$ 137,554 (\$27,235,715 /198 units)  
**Estimated per Unit Cost:** \$ 200,587 (\$39,716,229 /198 units)  
**Allocation per Unit:** \$ 141,414 (\$28,000,000 /198 units)  
**Allocation per Restricted Rental Unit:** \$ 141,414 (\$28,000,000 /198 restricted units)

<b>Sources of Funds:</b>	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 28,000,000	\$ 13,068,622
Bank of America Subordinate Loan	\$ 2,500,000	\$ 2,500,000
CCRC Subordinate Debt - Tranche B	\$ 0	\$ 1,116,763
Deferred Fee/GP Equity/Reserves/Costs	\$ 0	\$ 726,305
LIH Tax Credit Equity	\$ 2,775,681	\$ 18,504,539
Direct & Indirect Public Funds	\$ 3,800,000	\$ 3,800,000
<b>Total Sources</b>	<b>\$ 37,075,681</b>	<b>\$ 39,716,229</b>

<b>Uses of Funds:</b>	
Land Purchase	\$ 300,000
On & Off Site Costs	\$ 1,709,970
Hard Construction Costs	\$ 25,525,745
Development Impact Fees	\$ 2,680,882
Architect & Engineering Fees	\$ 1,372,951
Contractor Overhead & Profit	\$ 911,984
Developer Fee	\$ 2,500,000
Construction & Permanent Financing	\$ 2,073,240
Cost of Issuance	\$ 541,686
Reserves	\$ 426,749
Legal	\$ 80,000
Other Soft Costs (Third Party Reports, Furnishings, Marketing, etc.)	\$ 1,593,022
<b>Total Uses</b>	<b>\$ 39,716,229</b>

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

The bonds will be purchased as private placement transactions. Bank of America, NA will provide construction financing and The California Community Reinvestment Corporation will provide permanent financing. The construction phase will be for a period of up to 24 months, during which the construction loan will be interest-only at a variable rate equal to the LIBOR Daily Floating Rate plus 1.65% per annum. Bank of America will also provide a \$2,500,000 subordinate loan. Upon conversion to permanent phase, the loan will be paid down to approximately \$13,068,622 using LIHTC equity. The California Community Reinvestment Corporation permanent loan (Tranche A) will bear interest, pursuant to a 24 month forward commitment/rate lock, at a rate equal to the greater of the 15-year muni bond index plus 200 basis points or 4.75%. The permanent loan will have an 15 year term and 35 year amortization period. The California Community Reinvestment Corporation will also provide a \$1,116,763 subordinate loan (Tranche B).

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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:** 68 out of 130

[See Attachment A]

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**Recommendation:**

Staff recommends that the Committee approve \$28,000,000 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	25
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Federally Assisted At-Risk Project or HOPE VI Project]	[10]	[10]	10
Gross Rents	5	5	5
Large Family Units	5	5	0
Leveraging	10	10	7.5
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	8
Negative Points	-10	-10	0
<b>Total Points</b>	<b>130</b>	<b>100</b>	<b>68</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.