

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
May 18, 2011
Staff Report
**REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT**

Prepared by: Richard Fischer

Applicant: California Statewide Communities Development Authority

Allocation Amount Requested:
Tax-exempt: \$8,000,000

Project Information:
Name: Ivanhoe Family Apartments
Project Address: 15999 Avenue 327
Project City, County, Zip Code: Ivanhoe, Tulare, 93235

Project Sponsor Information:
Name: 15999 Ave 327, L.P. (Corporation for Better Housing)
Principals: Gwendy Silver Egnater, David Sclafani and Rob Tidd for Corporation for Better Housing.

Project Financing Information:
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Private Placement Purchaser: Hunt Capital Partners, LLC
TEFRA Hearing Date: April 12, 2011

Description of Proposed Project:
State Ceiling Pool: Rural
Total Number of Units: 71, plus 1 manager unit
Type: New Construction
Type of Units: Family

The apartments will be located in five 2-story buildings, and will include parking spaces for both residents and visitors. The planned 72 unit development will include 16 one-bedroom units, 32 two-bedroom units and 23 three-bedroom units. The development will have a stand alone single story 1,550 square foot community center. All of the apartments will be designed for energy efficiency and include energy efficient appliances. Common amenities include laundry facilities, a perimeter fence, gated entry, one-story clubhouse with community kitchen, computer room with high speed internet connection, barbecue area, playground tot lot and on-site management.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
100% (71 units) restricted to 50% or less of area median income households.
Unit Mix: 1, 2 & 3 bedrooms

Project is within easy walking distance to local bus stops and shopping.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$ 14,159,745	
Estimated Hard Costs per Unit:	\$ 124,224	(\$8,819,907 /71 units)
Estimated per Unit Cost:	\$ 199,433	(\$14,159,745 /71 units)
Allocation per Unit:	\$ 112,676	(\$8,000,000 /71 units)
Allocation per Restricted Rental Unit:	\$ 112,676	(\$8,000,000 /71 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 8,000,000	\$ 1,202,053
Developer Equity	\$ 0	\$ 122,067
LIH Tax Credit Equity	\$ 608,854	\$ 4,262,523
Direct & Indirect Public Funds	\$ 5,000,000	\$ 8,573,102
Total Sources	\$ 13,608,854	\$ 14,159,745

Uses of Funds:	
Land Purchase	\$ 475,000
On & Off Site Costs	\$ 1,640,000
Hard Construction Costs	\$ 7,179,907
Architect & Engineering Fees	\$ 339,680
Contractor Overhead & Profit	\$ 489,994
Developer Fee	\$ 1,047,000
Cost of Issuance	\$ 175,200
Other Soft Costs (Marketing, etc.)	\$ 2,812,964
Total Uses	\$ 14,159,745

Description of Financial Structure and Bond Issuance:

Hunt Capital Partners, LLC (Hunt Capital) will purchase \$8,000,000 bond issuance through a private placement. Additional construction financing sources are a County of Tulare state HOME loan and Tax Credit Equity investment from Hunt Capital. The bonds will be paid down to a permanent loan amount with the balance of the development costs being funded from Hunt Capital Tax Credit Equity, County of Tulare State HOME loan, County of Tulare Redevelopment Agency loan, County of Tulare Neighborhood NSP 3 loan and a deferred developer fee. The mortgage interest note evidencing the permanent loan will be unrated and carry a 6.5% fixed interest rate and will be amortized over 30 years. The anticipated closing date of the bonds is September 2011.

Analyst Comments:

None

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:

80 out of 118

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$8,000,000 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]	10
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	5
Service Amenities	10	10	0
New Construction	10	10	10
Sustainable Building Methods	8	8	0
Negative Points	-10	-10	0
Total Points	118	98	80

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.