

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: Crystal Alvarez

Applicant: California Statewide Communities Development Authority

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

Project Information:
Name: Hillview Ridge II Apartments
Project Address: Executive parkway
Project City, County, Zip Code: Oroville, Butte, 95965

Project Sponsor Information:
Name: Oroville Pacific Associates II, L.P. (Central Valley Coalition for Affordable Housing, Roope, LLC and W.R. Spann, LLC)
Principals: Christina Alley, Alan Jenkins, Jennifer Bertuccio and Renee Downum for Central Valley Coalition; Caleb Roope for Roope, LLC; William R. Spann for W.R. Spann, LLC

Project Financing Information:
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Underwriter: Citibank, N.A. / Freddie Mac
Credit Enhancement Provider: Citibank, N.A. / Freddie Mac
TEFRA Hearing Date: April 5, 2011

Description of Proposed Project:
State Ceiling Pool: Rural
Total Number of Units: 56, plus 1 manager unit
Type: New Construction
Type of Units: Family

The proposed project is a 57-unit rental new construction project named Hillview Ridge Apartments II located on a 5 acre parcel of vacant land. The units will be newly constructed garden style apartments. The project will include a 2,500 square foot community building consisting of an office, maintenance room, computer learning center, laundry facilities, exercise room and a community TV room.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
46% (26 units) restricted to 50% or less of area median income households.
54% (30 units) restricted to 60% or less of area median income households.
Unit Mix: 2, 3 & 4 bedrooms

The project is a mix of 16 two-bedroom units approximately 910 sqft, 32 three-bedroom units approximately 1,234 sqft and 8 four-bedroom units approximately 1,402 sqft.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$ 14,526,239	
Estimated Hard Costs per Unit:	\$ 158,627	(\$8,883,117 /56 units)
Estimated per Unit Cost:	\$ 259,397	(\$14,526,239 /56 units)
Allocation per Unit:	\$ 142,857	(\$8,000,000 /56 units)
Allocation per Restricted Rental Unit:	\$ 142,857	(\$8,000,000 /56 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 8,000,000	\$ 1,400,000
LIH Tax Credit Equity	\$ 901,198	\$ 4,960,739
Direct & Indirect Public Funds	\$ 4,325,000	\$ 7,825,000
Other	\$ 1,300,041	\$ 340,500
Total Sources	\$ 14,526,239	\$ 14,526,239

Uses of Funds:	
Land Purchase	\$ 700,000
On & Off Site Costs	\$ 2,649,000
Hard Construction Costs	\$ 6,234,117
Contractor Overhead & Profit	\$ 573,443
Developer Fee	\$ 1,200,000
Cost of Issuance	\$ 531,581
Capitalized Interest	\$ 400,000
Other Soft Costs (Marketing, etc.)	\$ 2,238,098
Total Uses	\$ 14,526,239

Description of Financial Structure and Bond Issuance:

The project sponsor has obtained a commitment from Citibank, N.A. acting as a Seller/Service for the Federal Home Loan Mortgage Corporation "Freddie Mac" to purchase the tax-exempt bonds issued for the project through a Credit Enhancement structure under the Affordable Housing for Tax-Exempt Bond Executions Program. The loan will be amortized over 35 years with a fixed rate of 4.93%.

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: 67.5 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]	0
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	2.5
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	67.5

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.