

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: \$7,000,000

Project Information:
Name: Washington Court Apartments
Project Address: 901 & 1039 Washington Street
Project City, County, Zip Code: Gridley, Butte, 95948

Project Sponsor Information:
Name: Gridley Pacific Associates, a California L.P. (Central Valley Coalition for Affordable Housing; Roope, LLC; W.R. Spann, LLC)
Principals: Christina Alley and Jennifer Bertuccio for Central Valley Coalition for Affordable Housing; 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. as Freddie Mac Delegated Lender
Credit Enhancement Provider: Citibank, N.A. as Freddie Mac Delegated Lender
TEFRA Hearing Date: April 4, 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 Project will be a newly constructed two story garden style apartment site. The unit mix will be 32 two-bedroom units and 24 three-bedroom units. All units will feature a patio or balcony and a secure storage area. The Project will also include a centralized community building with office, maintenance room, computer learning area, common laundry area, exercise room and a gathering space with an attached kitchen. Adjacent to the community building is a pool and hot tub with a covered barbecue area and large playground for family enjoyment. The development includes carports, landscaping, a water feature and conveniently located trash and recycling areas.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
52% (29 units) restricted to 50% or less of area median income households.
48% (27 units) restricted to 60% or less of area median income households.
Unit Mix: 2 & 3 bedrooms

The design of the apartments will adhere to all necessary requirements to satisfy Section 504 as well as any additional mandates that the local jurisdiction deems appropriate.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost: \$ 12,794,485
Estimated Hard Costs per Unit: \$ 126,663 (\$7,093,142 /56 units)
Estimated per Unit Cost: \$ 228,473 (\$12,794,485 /56 units)
Allocation per Unit: \$ 125,000 (\$7,000,000 /56 units)
Allocation per Restricted Rental Unit: \$ 125,000 (\$7,000,000 /56 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 7,000,000	\$ 1,000,000
Deferred Developer Fee	\$ 1,200,000	\$ 395,000
LIH Tax Credit Equity	\$ 827,435	\$ 4,721,485
Direct & Indirect Public Funds	\$ 3,678,000	\$ 6,678,000
Other (Deferred Costs)	\$ 89,050	\$ 0
Total Sources	\$ 12,794,485	\$ 12,794,485

Uses of Funds:	
Land Purchase	\$ 520,000
On & Off Site Costs	\$ 1,782,500
Hard Construction Costs	\$ 5,310,642
Contractor Overhead & Profit	\$ 505,143
Developer Fee	\$ 1,200,000
Cost of Issuance	\$ 508,020
Capitalized Interest	\$ 350,000
Other Soft Costs	\$ 2,618,180
Total Uses	\$ 12,794,485

Description of Financial Structure and Bond Issuance:

This will be a \$7,000,000 construction loan bought down to a \$1,000,000 permanent loan. The 30 year permanent loan term will have a 4.93% interest rate and the construction period LOC fee is 2%. The outside bond closing date is December 15, 2011.

Analyst Comments:

There are three disabled units.

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: 81 out of 118
[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$7,000,000 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]	6
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	10
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	81

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.