

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
July 20, 2011
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Sarah Lester

Applicant: California Statewide Communities Development Authority

Allocation Amount Requested:
Tax-exempt: \$5,366,021

Project Information:
Name: Avila Avenue Apartments
Project Address: 14100 East Parlier Avenue
Project City, County, Zip Code: Parlier, Fresno, 93648

Project Sponsor Information:
Name: Parlier Avila Associates, LP (LINC Housing Corporation, Roope, LLC and Affordable Housing Land Consultants, LLC)
Principals: Hunter Johnson, Suny Lay Chang and Kent Davis for LINC Housing Corporation; Caleb Roope for Roope, LLC; and Alexis Gevorgian for Affordable Housing Land Consultants, LLC
Property Management Company: Buckingham Property Management Company

Project Financing Information:
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Underwriter: Citibank, N.A.
Credit Enhancement Provider: Citibank, N.A./Freddie Mac
Private Placement Purchaser: Not Applicable
TEFRA Hearing Date: June 15, 2011

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 32, plus 1 manager unit
Type: New Construction
Type of Units: Family

The proposed project is a 33-unit New Construction family project located in the City of Parlier in the County of Fresno. The unit mix is comprised of eight 2-bedroom units, 17 3-bedroom units and eight 4-bedroom units and will target families with household incomes no greater than 50% of the area median income. In addition, the proposed project will include a 2,500 square foot community building. The anticipated construction start date is October 2011 and is expected to be completed October 2012.

Description of Public Benefits:

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

The project will not be providing any service amenities.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$ 9,915,534	
Estimated Hard Costs per Unit:	\$ 175,557	(\$5,617,818 /32 units)
Estimated per Unit Cost:	\$ 309,860	(\$9,915,534 /32 units)
Allocation per Unit:	\$ 167,688	(\$5,366,021 /32 units)
Allocation per Restricted Rental Unit:	\$ 167,688	(\$5,366,021 /32 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 5,366,021	\$ 1,000,000
Deferred Developer Fee	\$ 1,359,948	\$ 467,709
LIH Tax Credit Equity	\$ 689,565	\$ 3,447,825
Direct & Indirect Public Funds	\$ 2,500,000	\$ 5,000,000
Total Sources	\$ 9,915,534	\$ 9,915,534

Uses of Funds:	
Land Purchase	\$ 335,000
On & Off Site Costs	\$ 1,305,000
Hard Construction Costs	\$ 4,312,818
Architect & Engineering Fees	\$ 500,000
Contractor Overhead & Profit	\$ 390,024
Developer Fee	\$ 1,183,209
Cost of Issuance	\$ 444,298
Capitalized Interest	\$ 350,000
Other Soft Costs	\$ 1,095,185
Total Uses	\$ 9,915,534

Description of Financial Structure and Bond Issuance:

The project will be using a private placement structure with Citibank as a Freddie Mac delegated lender providing the credit enhancement attached to the tax-exempt bonds. The \$5,366,021 bond issuance through CSCDA and the New Issue Bond Program (interest rate 2.50%, term 24 months) will only consist of tax-exempt debt with 100% of the proceeds immediately escrowed with a bond trustee to be drawn down on a monthly basis to build the proposed development. Upon lease-up of the entire project, the remainder of the low-income housing tax credit equity in the amount of \$2,758,260 will be available to pay the tax-exempt bond debt down to the \$1,000,000 (interest rate 4.96%, term 35 years, amortization 30 years) level.

Analyst Comments:

N/A

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:

72.5 out of 118

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$5,366,021 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	7.5
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	72.5

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.