

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
September 28, 2011
Staff Report
**REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT**

Prepared by: Sarah Lester

Applicant: California Municipal Finance Authority

Allocation Amount Requested:
Tax-exempt: \$5,200,000

Project Information:
Name: Paradise Community Village Apartments Phase I
Project Address: Off Clark and Buschmann Roads
Project City, County, Zip Code: Paradise, Butte, 95969

Project Sponsor Information:
Name: Community Housing Improvement Program, Inc.
Principals: David Ferrier, Valerie Sutton and Holly McCormick
Property Management Company: Community Housing Improvement Program, Inc.

Project Financing Information:
Bond Counsel: Jones Hall, A Professional Law Corporation
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Private Placement Purchaser: Wells Fargo Bank, N.A.
TEFRA Hearing Date: August 2, 2011

Description of Proposed Project:
State Ceiling Pool: Rural
Total Number of Units: 35, plus 1 manager unit
Type: New Construction
Type of Units: Family

Paradise Community Village is a new construction mixed-use development on a 44 acre parcel. The proposed Project will be built on a 2.52 acre parcel as part of the large development. The targeted population will be large families with household incomes no greater than 60% of the AMI for Butte County. The proposed 36 unit apartment design will be 2-story, townhouses and flats plus a community building using wood framed construction. According to the application, the development team will be employing the GreenPoint Rated Multifamily Guidelines. Construction is expected to commence December 2011 and anticipated to be completed December 2012.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
74% (26 units) restricted to 50% or less of area median income households.
26% (9 units) restricted to 60% or less of area median income households.
Unit Mix: 1, 2 & 3 bedrooms

The proposed Project will include educational classes and a bona fide service coordinator/social worker.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$	9,404,753	
Estimated Hard Costs per Unit:	\$	165,925	(\$5,807,362 /35 units)
Estimated per Unit Cost:	\$	268,707	(\$9,404,753 /35 units)
Allocation per Unit:	\$	148,571	(\$5,200,000 /35 units)
Allocation per Restricted Rental Unit:	\$	148,571	(\$5,200,000 /35 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 5,200,000	\$ 577,100
Developer Equity	\$ 0	\$ 522,394
LIH Tax Credit Equity	\$ 200,000	\$ 3,215,873
Direct & Indirect Public Funds	\$ 3,000,000	\$ 5,089,386
Total Sources	\$ 8,400,000	\$ 9,404,753

Uses of Funds:	
Land Purchase	\$ 1
On & Off Site Costs	\$ 1,198,359
Hard Construction Costs	\$ 4,609,003
Architect & Engineering Fees	\$ 285,000
Contractor Overhead & Profit	\$ 753,336
Developer Fee	\$ 1,121,368
Cost of Issuance	\$ 126,710
Capitalized Interest	\$ 274,922
Other Soft Costs	\$ 1,036,054
Total Uses	\$ 9,404,753

Description of Financial Structure and Bond Issuance:

The financial structure will be a Private Placement transaction through Wells Fargo Bank, N.A. The project will be financed using tax-exempt bonds, low income housing tax credit equity and public funds. The construction phase of the project will be for a period of 19 months and the tax-exempt loan shall bear a variable interest rate per annum equal to 30-day LIBOR plus 275 basis points. The term of the permanent loan will be 15 years and an amortization period of 30 years with a fixed interest rate per annum of 6.5%. The anticipated bond closing is December 10, 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: 88 out of 118

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$5,200,000 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	5
Service Amenities	10	10	10
New Construction	10	10	10
Sustainable Building Methods	8	8	8
Negative Points	-10	-10	0
Total Points	118	98	88

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.