

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: Annie Ong

Applicant: California Statewide Communities Development Authority

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

Project Information:
Name: Park Place Apartments
Project Address: 310, 340, 319, 339, 349, 359, 369, 379 West Jackson Street
Project City, County, Zip Code: Rialto , San Bernardino, 92376

Project Sponsor Information:
Name: Rialto Family Housing Partners, L.P. (Opportune Southern California Ventures II, LLC and AOF/Pacific Affordable Housing Corporation)
Principals: Opportune Southern California Ventures II, LLC: Josh LaBarge and Steve Bram
AOF/Pacific Affordable Housing Corporation: Raman Nayar, Philip J. Kennedy and Kathryn T. Walker
Property Management Company: LaBarge Industries Inc., DBA Quality Management Group

Project Financing Information:
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Private Placement Purchaser: US Bank
TEFRA Hearing Date: July 26, 2011

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 30, plus 2 manager units
Type: Acquisition and Rehabilitation
Type of Units: Family

The Project is an acquisition/rehabilitation (28 units) and new construction (4 units) multi-family community that is 100% affordable. There will be 11 units restricted to households with incomes at 50% AMI and the remaining 19 units will be restricted to 60% AMI. The targeted population for the Project will be families in most units, but there might be single individuals occupying some of the units. Closing is scheduled for November 2011 with construction to commence shortly thereafter and be completed by November 2012.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
37% (11 units) restricted to 50% or less of area median income households.
63% (19 units) restricted to 60% or less of area median income households.
Unit Mix: 2 & 3 bedrooms

There will not be any service amenities.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$	9,685,238	
Estimated Hard Costs per Unit:	\$	128,662	(\$3,859,848 /30 units)
Estimated per Unit Cost:	\$	322,841	(\$9,685,238 /30 units)
Allocation per Unit:	\$	166,667	(\$5,000,000 /30 units)
Allocation per Restricted Rental Unit:	\$	166,667	(\$5,000,000 /30 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 5,000,000	\$ 0
Developer Equity	\$ 667,058	\$ 0
LIH Tax Credit Equity	\$ 0	\$ 2,293,130
Direct & Indirect Public Funds	\$ 4,018,180	\$ 7,392,108
Total Sources	\$ 9,685,238	\$ 9,685,238

Uses of Funds:	
Acquisition Cost	\$ 2,209,245
On & Off Site Costs	\$ 1,131,000
Rehabilitation Costs	\$ 2,728,848
Hard Cost Contingency	\$ 296,915
Contractor Overhead & Profit	\$ 525,141
Developer Fee	\$ 867,058
Relocation	\$ 100,000
Cost of Issuance	\$ 285,000
Capitalized Interest	\$ 225,000
Other Soft Costs (Marketing, etc.)	\$ 1,317,031
Total Uses	\$ 9,685,238

Description of Financial Structure and Bond

The Project will be financed using a combination of sources of funding. The sources of funds will include tax-exempt bonds, affordable housing tax credit equity, a residual receipts loan from the Rialto Housing Authority and deferred developer fee. The tax-exempt bonds will be in place during the construction period but there will not be a permanent hard loan (the tax-exempt bonds will be paid off following construction). The interest rate during construction is expected to be at the LIBOR base rate plus 300 basis points (variable rate), plus issuer and trustee fees. The construction phase of the bonds will be for a period of 24 months or less. The bonds will be recourse during construction. The bonds will be structured as a private placement with US Bank, NA.

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: 80.5 out of 118

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$5,000,000 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	0
Leveraging	10	10	10
Community Revitalization Area	15	15	15
Site Amenities	10	10	7.5
Service Amenities	10	10	0
New Construction	10	10	0
Sustainable Building Methods	8	8	8
Negative Points	-10	-10	0
Total Points	118	98	80.5

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.