

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
March 21, 2012
REVISED 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: \$6,900,000

Project Information:
Name: North Point Apartments
Project Address: 3428-32 Esplanade Avenue
Project City, County, Zip Code: Chico, Butte, 95973

Project Sponsor Information:
Name: Community Action Agency of Butte County, Inc.
Principals: Thomas P. Tenorio, Dana Campbell, Pamela Smith and Aaron Murphy
Property Management Company: Community Housing Improvement Program

Project Financing Information:
Bond Counsel: Jones Hall, A Professional Law Corporation
Credit Enhancement Provider: Not Applicable
Private Placement Purchaser: Rabobank, N.A.
TEFRA Hearing Date: December 20, 2011

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 49, plus 1 manager unit
Type: New Construction
Type of Units: Family

The Project will consist of 50 units of family housing and includes 5 one bedroom units, 18 two-bedroom units, 26 three-bedroom units and a 2 bedroom manager's unit. The complex includes a community meeting room with kitchen, computer lab, laundry facility (in addition to laundry hook ups in each unit), and a manager and supportive services office space. The design includes 5 buildings (3 three-story and 2 two-story), on-site tenant parking, attractive landscaping, private and semi-public outdoor spaces, and children's play area. All buildings have incorporated universal design elements that will allow persons with disabilities to reside comfortably there.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
14% (7 units) restricted to 50% or less of area median income households.
86% (42 units) restricted to 60% or less of area median income households.
Unit Mix: 1, 2 & 3 bedrooms

Included service amenities are: After school programs and instructor-led educational, health and wellness or skill building classes.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost: \$ 10,850,000
Estimated Hard Costs per Unit: \$ 117,652 (\$5,764,954 /49 units)
Estimated per Unit Cost: \$ 221,429 (\$10,850,000 /49 units)
Allocation per Unit: \$ 140,816 (\$6,900,000 /49 units)
Allocation per Restricted Rental Unit: \$ 140,816 (\$6,900,000 /49 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 6,900,000	\$ 1,950,000
Deferred Developer Fee	\$ 176,294	\$ 176,294
LIH Tax Credit Equity	\$ 1,090,265	\$ 2,756,633
Direct & Indirect Public Funds	\$ 1,883,441	\$ 5,250,000
Other (AHP, Refunds, Const. Income)	\$ 0	\$ 717,073
Total Sources	\$ 10,050,000	\$ 10,850,000

Uses of Funds:	
Land Purchase	\$ 684,268
On & Off Site Costs	\$ 865,423
Hard Construction Costs	\$ 4,899,531
Architect & Engineering Fees	\$ 386,553
Contractor Overhead & Profit	\$ 389,950
Developer Fee	\$ 1,264,583
Cost of Issuance	\$ 117,305
Capitalized Interest	\$ 469,000
Other Soft Costs (Marketing, etc.)	\$ 1,773,387
Total Uses	\$ 10,850,000

Description of Financial Structure and Bond Issuance:

This private placement bond transaction is a new construction, then turned permanent loan with the Interest rate to be reset on the date that is 15 years from the conversion date. The construction loan will be based on the greater of : the 1 month "London Interbank Offered Rate" (LIBOR) plus a margin of 3.00%; or 4.50%. The interest rate will be re-set on the date that is 15 years from the conversion date, and will be based on greater of : (i) the 15 year FHLB CIP in effect at the time of the rate reset plus a margin of 2.50%, not to exceed 4% above the initial Interest rate; or (ii) a floor of 6.5%. The loan will have a 30 year maturity date following the conversion date.

Analyst Comments:

Recommended with a conditional approval that prior to issuance, evidence from the State Department of Finance that RDA funding is an enforceable obligation is submitted to the Committee.

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: 99 out of 118

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$6,900,000 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	27
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Federally Assisted At-Risk Project or HOPE VI Project]	[10]	[10]	4.5
Gross Rents	5	5	5
Large Family Units	5	5	5
Leveraging	10	10	10
Community Revitalization Area	15	15	15
Site Amenities	10	10	7.5
Service Amenities	10	10	5
New Construction	10	10	10
Sustainable Building Methods	10	10	10
Negative Points	-10	-10	0
Total Points	118	100	99

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.