

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
March 21, 2012
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Annie Ong

Applicant:

California Municipal Finance Authority

Allocation Amount Requested:

Tax-exempt: \$2,500,000

Project Information:

Name: Yucca Trails Apartments
Project Address: 61451 Verbena Road
Project City, County, Zip Code: Joshua Tree, San Bernardino, 92252

Project Sponsor Information:

Name: Yucca Trails Community Partners, L.P. (Yucca Trails GP, LLC and AHDF-Yucca Trails G/P, L.L.C.)
Principals: Yucca Trails GP, LLC: Michael K. Moore and Mary Moore
AHDF-Yucca Trails G/P, L.L.C.: Saverio Burdi, Thomas M. Van Vleet, Jack Ahrens, and Michael K. Moore
Property Management Company: Professional Property Management, Inc.

Project Financing Information:

Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Private Placement Purchaser: US Bank, N.A.
TEFRA Hearing Date: January 24, 2012

Description of Proposed Project:

State Ceiling Pool: Rural
Total Number of Units: 49, plus 1 manager unit
Type: Acquisition and Rehabilitation
Type of Units: Family

Yucca Trails Apartments is an acquisition/rehabilitation multi-family community that will offer 50 units that are 100% affordable. There will be 1 manager unit, 16 units at 50% AMI, and 33 units at 60% AMI. The site will consist of 12 one-story buildings on 4.19 acres. The development will include a leasing office, laundry room, maintenance area, picnic area, playground, basketball court, uncovered parking, carports, perimeter fencing, and on-site property manager. Site amenities include dial-a-ride service, high speed internet or WiFi service connection to each unit, and close proximity to a public library.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
33% (16 units) restricted to 50% or less of area median income households.
67% (33 units) restricted to 60% or less of area median income households.
Unit Mix: 1 & 2 bedrooms

Service amenities will not be offered

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$	4,916,623	
Estimated Hard Costs per Unit:	\$	21,220	(\$1,039,803 /49 units)
Estimated per Unit Cost:	\$	100,339	(\$4,916,623 /49 units)
Allocation per Unit:	\$	51,020	(\$2,500,000 /49 units)
Allocation per Restricted Rental Unit:	\$	51,020	(\$2,500,000 /49 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 2,500,000	\$ 1,275,000
Existing Replacement Reserves	\$ 175,139	\$ 175,139
Deferred Developer Fee	\$ 76,651	\$ 76,651
LIH Tax Credit Equity	\$ 119,864	\$ 1,269,864
Direct & Indirect Public Funds	\$ 2,044,969	\$ 2,044,969
Other-Cash Flow From Operations	\$ 0	\$ 75,000
Total Sources	\$ 4,916,623	\$ 4,916,623

Uses of Funds:	
Land Purchase	\$ 2,145,000
Hard Construction Costs	\$ 1,039,803
Architect & Engineering Fees	\$ 80,000
Hard Cost Contingency	\$ 119,785
Contractor Overhead & Profit	\$ 145,572
Developer Fee	\$ 527,138
Relocation	\$ 10,000
Cost of Issuance	\$ 300,575
Capitalized Interest	\$ 75,000
Other Soft Costs (Marketing, etc.)	\$ 473,750
Total Uses	\$ 4,916,623

Description of Financial Structure and Bond

The Project will be financed using a combination of funding sources, including tax-exempt bonds, affordable housing tax credit equity, USDA Rural Development loan, cash flow from operations during the rehabilitation period, existing replacement reserves, and deferred developer fees. The tax-exempt bonds will be private placement through U.S. Bank, N.A. The construction period will carry a fixed interest rate, amortization period of 30 years, and a term of 17 years. The underwritten interest rate on the tax-exempt bonds is 5%. The construction phase of the bonds will be for a period of 24 months or less. The term loan will be carry a fixed interest rate (CIP +200bps). The current rate as of January 4, 2012 is 4.89%-including 35bps for 18 month forward rate lock fee. Closing is scheduled for May, 2012 with rehabilitation to commence shortly thereafter and be completed by December, 2012.

Analyst Comments:

Not Applicable

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:

60.5 out of 130

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$2,500,000 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]	3
Gross Rents	5	5	5
Large Family Units	5	5	0
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	0
Sustainable Building Methods	10	10	0
Negative Points	-10	-10	0
Total Points	130	110	60.5

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.