

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 Affordable Housing Agency

Allocation Amount Requested:
Tax-exempt: \$4,000,000

Project Information:
Name: Gridley Springs Apartments
Project Address: 200 and 210 Ford Avenue
Project City, County, Zip Code: Gridley, Butte, 95948

Project Sponsor Information:
Name: DHI Gridley Springs Associates, L.P. (Dawson Holdings, Inc. and DFA Development LLC)
Principals: Dawson Holdings, Inc.: Thomas Dawson, Tim Fleutsch, and Jahan Missaghi
DFA Development LLC: Daniel Fred
Property Management Company: Hank Fisher Properties

Project Financing Information:
Bond Counsel: Jones Hall, A Professional Law Corporation
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Private Placement Purchaser: Rabobank, N.A.
TEFRA Hearing Date: February 6, 2012

Description of Proposed Project:
State Ceiling Pool: Rural
Total Number of Units: 55, plus 1 manager unit
Type: Acquisition and Rehabilitation
Type of Units: Family

The Gridley Springs Apartments is an acquisition and rehabilitation project that will offer 100% affordable apartment units. There will be 56 units, with 1 manager unit and 55 units at 50% AMI. Site amenities will include close proximity to parks, groceries, and public schools. The target population is low and moderate income families based on the USDA-RD 515 requirements. The Project currently has 26 units of rental assistance from USDA-RD and this assistance will continue. The scope of rehabilitation includes repairing roofs, replacing windows, improving landscaping and playgrounds, and appliance replacement. The construction is expected to begin in June, 2012 and be completed by February, 2013.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
100% (55 units) restricted to 50% or less of area median income households.
Unit Mix: 1, 2 & 3 bedrooms

Service amenities will not be offered.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$ 7,714,213	
Estimated Hard Costs per Unit:	\$ 39,144	(\$2,152,912 /55 units)
Estimated per Unit Cost:	\$ 140,258	(\$7,714,213 /55 units)
Allocation per Unit:	\$ 72,727	(\$4,000,000 /55 units)
Allocation per Restricted Rental Unit:	\$ 72,727	(\$4,000,000 /55 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 4,000,000	\$ 0
LIH Tax Credit Equity	\$ 450,000	\$ 2,089,943
Direct & Indirect Public Funds	\$ 3,264,213	\$ 5,624,270
Total Sources	\$ 7,714,213	\$ 7,714,213

Uses of Funds:	
Acquisition	\$ 2,675,000
Rehabilitation Costs	\$ 2,524,290
Relocation	\$ 83,344
Architectural	\$ 60,000
Survey & Engineering	\$ 30,000
Contingency Costs	\$ 332,429
Construction Period Expenses	\$ 250,000
Permanent Financing Expenses	\$ 50,214
Legal Fees	\$ 165,000
Capitalized Reserves	\$ 478,000
Report and Studies	\$ 63,900
Other	\$ 111,094
Development Costs	\$ 890,942
Total Uses	\$ 7,714,213

Description of Financial Structure and Bond

The Project will be funded by private placement tax-exempt bonds to be purchased by Rabobank, N.A. The construction loan will bear interest at the one-month LIBOR plus 3.00% or 5.00% (the greater of the two will be applied). The loan will mature 18 months following the date of recordation of the deed of trust. There will not be a permanent loan. Additional financing will be in the form of a USDA RD loan for \$1,129,459.

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: 77.5 out of 130

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$4,000,000 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	20
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	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	77.5

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.