

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
May 16, 2012
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Crystal Alvarez

Applicant:

Allocation Amount Requested:

Tax-exempt: \$4,984,000

Project Information:

Name: Villa Robles Apartments
Project Address: 450 W. Springville Drive
Project City, County, Zip Code: Porterville, Tulare, 93257

Project Sponsor Information:

Name: Villa Robles Housing, L.P. (Villa Robles Housing, LLC and NFWSC Housing Corporation)
Principals: Manual Bernal, Paul Park and Paul Chavez for both entities.
Property Management Company: Cescar Chavez Foundation

Project Financing Information:

Bond Counsel: Kutak Rock LLP
Underwriter: Wells Fargo Bank, N.A.
Credit Enhancement Provider: Wells Fargo Bank, N.A./Freddie Mac
Private Placement Purchaser: Wells Fargo Bank, N.A.
TEFRA Hearing Date: January 17, 2012

Description of Proposed Project:

State Ceiling Pool: General
Total Number of Units: 99, plus 1 manager unit
Type: New Construction
Type of Units: Family

Villa Robles Apartments is a proposed renovation of a multifamily residential development originally constructed in 1996. The Project is comprised of 16 two-story apartment buildings, two one-story laundry rooms and a one story community/office building. There are 8 two-bedroom units, 64 three-bedroom units and 28 four bedroom units including one that is set aside for the manager. The neighborhood land use is a mixture of commercial properties and multifamily properties. The site is in a primarily commercial neighborhood in Porterville's southern portion of the City. In the interior of the units, all flooring will be replaced with a combination of vinyl plank and carpet, all of the cabinetry and countertops will be replaced in the kitchens and baths, the shower and tub surroundings will be replaced with tile, carbon monoxide detectors will be installed, doors and lighting will be replaced with energy efficient fixtures as needed, toilets and shower heads will be replaced with water efficient fixtures, and all of the units will be repainted.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
40% (40 units) restricted to 50% or less of area median income households.
60% (59 units) restricted to 60% or less of area median income households.
Unit Mix: 2, 3 & 4 bedrooms

The Project Sponsor has committed to providing after-school programs free of charge for a 10 year period.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$	8,969,361	
Estimated Hard Costs per Unit:	\$	21,915	(\$2,169,605 /99 units)
Estimated per Unit Cost:	\$	90,600	(\$8,969,361 /99 units)
Allocation per Unit:	\$	50,343	(\$4,984,000 /99 units)
Allocation per Restricted Rental Unit:	\$	50,343	(\$4,984,000 /99 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 4,984,000	\$ 3,971,000
Developer Equity	\$ 100	\$ 100
Deferred Developer Fee	\$ 1,222,491	\$ 220,761
LIH Tax Credit Equity	\$ 503,683	\$ 2,518,413
Land Note	\$ 2,259,087	\$ 2,259,087
Total Sources	\$ 8,969,361	\$ 8,969,361

Uses of Funds:	
Land Purchase	\$ 4,817,500
On & Off Site Costs	\$ 158,250
Hard Construction Costs	\$ 2,011,355
Architect & Engineering Fees	\$ 100,000
Contractor Overhead & Profit	\$ 124,690
Developer Fee	\$ 1,222,491
Relocation	\$ 45,000
Cost of Issuance	\$ 257,039
Capitalized Interest	\$ 35,010
Other Soft Costs (Marketing, etc.)	\$ 198,026
Total Uses	\$ 8,969,361

Description of Financial Structure and Bond Issuance:

The tax-exempt bond financing will be privately placed with Wells Fargo Bank, N.A. for the construction loan with an interest rate per annum equal to 30-day LIBOR plus 260 basis points. The permanent loan will be credit enhanced through the Freddie Mac Mod-Rehab Credit Enhancement and underwritten by Wells Fargo Bank, N.A. The permanent loan will have a 16 year fixed rate (all in one rate 5.40% currently) with an amortization of 35 years.

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: 61 out of 120
[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$4,984,000 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	0
Community Revitalization Area	15	15	0
Site Amenities	10	10	5
Service Amenities	10	10	5
New Construction	10	10	0
Sustainable Building Methods	10	10	6
Negative Points	-10	-10	0
Total Points	120	100	61

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.