

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
September 26, 2012
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: \$7,915,352

Project Information:
Name: Gold Country Village Apartments
Project Address: 465 Bennett Street
Project City, County, Zip Code: Grass Valley, Nevada, 95945

Project Sponsor Information:
Name: GVGCV Investors, a California Limited Partnership (Ionic Enterprises, Inc. and Greek Orthodox Housing Corporation)
Principals: Paul and Debbie Stamas for Ionic Enterprises, Inc. and Mike Stathopoulos for Greek Orthodox Housing Corporation
Property Management Company: FPI Management, Inc.

Project Financing Information:
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Private Placement Purchaser: Umpqua Bank
TEFRA Hearing Date: August 16, 2012

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 79, plus 1 manager unit
Type: New Construction
Type of Units: Senior Citizens

This is Phase I of the project, and will consist of one community building and three 2-story elevator accessible apartment buildings connected by covered bridges. Tenants will be required to be 55-years or over. There will be 40 1-bedroom units and 39 2-bedroom units. Each unit will have exterior entrances, individually controlled heating and air conditioning, modern kitchen, private patios with storage unit. There will also be a common lounge area, kitchen facility, computer and multipurpose room and community laundry room. Outside there will be a picnic area.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
10% (8 units) restricted to 50% or less of area median income households.
90% (71 units) restricted to 60% or less of area median income households.
Unit Mix: 1 & 2 bedrooms

Included service amenities are health and wellness services and programs.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$	9,599,377	
Estimated Hard Costs per Unit:	\$	64,563	(\$5,100,470 /79 units)
Estimated per Unit Cost:	\$	121,511	(\$9,599,377 /79 units)
Allocation per Unit:	\$	100,194	(\$7,915,352 /79 units)
Allocation per Restricted Rental Unit:	\$	100,194	(\$7,915,352 /79 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 7,915,352	\$ 5,350,280
Deferred Developer Fee	\$ 831,643	\$ 784,762
LIH Tax Credit Equity	\$ 692,867	\$ 3,464,335
Other (Deferred Reserves)	\$ 159,515	\$ 0
Total Sources	<u>\$ 9,599,377</u>	<u>\$ 9,599,377</u>
 Uses of Funds:		
Acquisition/Land Purchase	\$ 350,000	
On & Off Site Costs	\$ 5,100,470	
Architect & Engineering Fees	\$ 300,000	
Contractor Overhead & Profit	\$ 379,281	
Developer Fee	\$ 1,155,559	
Cost of Issuance	\$ 312,500	
Capitalized Interest	\$ 250,000	
Other Soft Costs (Marketing, etc.)	\$ 1,751,567	
Total Uses	<u>\$ 9,599,377</u>	

Description of Financial Structure and Bond Issuance:

This is a private placement transaction with the bonds being purchased by Umpqua Bank for its own portfolio. During the 18-month construction phase the bonds will bear interest at a rate of Prime+0.75% with a floor rate of 4%. For underwriting purposes this is projected at 5.00%. Upon conversion to the permanent financing phase the bonds will be paid down to \$5,350,280 and shall bear interest at a rate of LIBOR + 2.25%, currently projected for underwriting purposes to be 5.00% amortized over 35 years with a 15-year term. The bond loan will be secured by the property throughout the construction and permanent financing phases.

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 out of 130
[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$7,915,352 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	25
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	0
Community Revitalization Area	15	15	0
Site Amenities	10	10	5
Service Amenities	10	10	5
New Construction	10	10	10
Sustainable Building Methods	10	10	10
Negative Points	-10	-10	0
Total Points	130	100	60

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.