

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
November 14, 2012
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Narisha Bonakdar

Applicant: Housing Authority of the City of Chula Vista

Allocation Amount Requested:
Tax-exempt: \$20,540,233

Project Information:
Name: Congregational Tower Apartments
Project Address: 288 F Street
Project City, County, Zip Code: Chula Vista, San Diego, 91910

Project Sponsor Information:
Name: Congregational Tower Partners, LP (Congregational Tower, LLC; Retirement Housing Foundation, Inc.; Community Congregational Development Corporation)
Principals: Stephanie Titus, Laverne Joseph, William Warrick (Retirement Housing Foundation); Richard Freeman, Dale Lambert, Jerry May, Lynne Dehahn (Community Congregational Development Corporation)
Property Management Company: Foundation Property Management

Project Financing Information:
Bond Counsel: Stradling, Yocca, Carlson & Rauth
Private Placement Purchaser: Citibank, N.A.
TEFRA Hearing Date: August 14, 2012

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 184, plus 3 manager units
Type: Acquisition and Rehabilitation
Type of Units: Senior Citizens

Congregational Tower Apartments is a proposed acquisition and rehabilitation of an existing 184-unit senior development located in the City of Chula Vista. The 16-story property consists of 124 studio units and 60 one-bedroom units on approximately .8 acres. All of the units will be income-restricted to households earning between 50 and 60 percent of Area Median Income. Each unit will include EnergyStar® appliances, central heating and air conditioning, and a patio/balcony. The property will include a community room with a library, outdoor landscaping, and a parking lot. Congregational Tower Apartments will continue to operate with a Section 8 Contract for each unit post-renovation.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%

30% (56 units) restricted to 50% or less of area median income households.

70% (128 units) restricted to 60% or less of area median income households.

Unit Mix: Studio & 1 bedroom

The property will include an onsite bona fide service coordinator or social worker for a minimum of 13 hours per week.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$ 41,486,597	
Estimated Hard Costs per Unit:	\$ 46,865	(\$8,623,160 /184 units)
Estimated per Unit Cost:	\$ 225,471	(\$41,486,597 /184 units)
Allocation per Unit:	\$ 111,632	(\$20,540,233 /184 units)
Allocation per Restricted Rental Unit:	\$ 111,632	(\$20,540,233 /184 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 20,540,233	\$ 20,540,233
Developer Equity	\$ 0	\$ 1,320
LIH Tax Credit Equity	\$ 1,979,292	\$ 13,195,277
Seller Note	\$ 7,324,767	\$ 7,324,767
Other: Reserves	\$ 425,000	\$ 425,000
Total Sources	\$ 30,269,292	\$ 41,486,597
Uses of Funds:		
Acquisition/Land Purchase	\$ 20,900,000	
On & Off Site Costs	\$ 222,145	
Hard Construction Costs	\$ 8,401,015	
Architect & Engineering Fees	\$ 450,000	
Contractor Overhead & Profit	\$ 504,014	
Developer Fee	\$ 2,500,000	
Relocation	\$ 1,581,000	
Cost of Issuance	\$ 208,540	
Capitalized Interest	\$ 2,182,400	
Other Soft Costs (Marketing, etc.)	\$ 4,537,483	
Total Uses	\$ 41,486,597	

Description of Financial Structure and Bond Issuance:

Citibank, N.A. will provide a private placement of tax-exempt private activity bonds in the amount of \$20,685,000 that will serve as both the construction and permanent loans. The construction loan term will be 24 months and will carry a variable interest rate equal to SIFMA plus 250 basis points. The permanent loan will be at a fixed rate equal to the sum of the 17-year “AAA” bond rates plus a spread of 2.4%. It will have a 30-year term and 35-year amortization.

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 \$20,540,233 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	0
Leveraging	10	10	0
Community Revitalization Area	15	15	5
Site Amenities	10	10	10
Service Amenities	10	10	5
New Construction	10	10	0
Sustainable Building Methods	10	10	0
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.