

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
March 13, 2013
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: \$5,000,000

Project Information:
Name: Belwood Arms Apartments
Project Address: 6301 Atlantic Avenue
Project City, County, Zip Code: Long Beach, Los Angeles, 90805

Project Sponsor Information:
Name: HCP Belwood Arms, L.P. (Hunt Capital Partners, LLC and Western Community Housing, Inc.)
Principals: Alan. T Fair, Dan Mayo, Bryan Townsend and Jeffrey Weiss for Hunt Capital Partners, LLC; Graham P. Espley-Jones, Leanne Truofreh, Sandra Gibbons, Scott Gayner, David P. Collins, Martha Cisneros, Wendy A. Yan, Dianne Russell and Barbie Defeo for Western Community Housing, Inc.
Property Management Company: Barker Management, Incorporated

Project Financing Information:
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Credit Enhancement Provider: Not Applicable
Private Placement Purchaser: California Bank & Trust
TEFRA Hearing Date: October 23, 2012

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 33, plus 1 manager unit
Type: Acquisition and Rehabilitation
Type of Units: Family

Belwood Arms Apartments is located on a .87 acre site and was built in 1964. There are a total of 34 apartments including the manager's unit. All the floor plans are the same for each unit type with a full kitchen, living room, dining room and bath. Development amenities include a courtyard swimming pool, surface parking, pedestrian gates, laundry room. Unit amenities include energy efficient appliances, deadbolts for security, blinds, carpeting ceiling fans, and balcony/ patio.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
33% (11 units) restricted to 50% or less of area median income households.
67% (22 units) restricted to 60% or less of area median income households.
Unit Mix: 1 & 2 bedrooms

There are no service amenities.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$	9,362,904	
Estimated Hard Costs per Unit:	\$	52,554	(\$1,734,268 /33 units)
Estimated per Unit Cost:	\$	283,724	(\$9,362,904 /33 units)
Allocation per Unit:	\$	151,515	(\$5,000,000 /33 units)
Allocation per Restricted Rental Unit:	\$	151,515	(\$5,000,000 /33 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 5,000,000	\$ 833,627
Deferred Developer Fee	\$ 814,687	\$ 110,434
LIH Tax Credit Equity	\$ 503,769	\$ 2,518,843
Direct & Indirect Public Funds	\$ 3,044,448	\$ 5,900,000
Total Sources	\$ 9,362,904	\$ 9,362,904

Uses of Funds:	
Acquisition/Land Purchase	\$ 4,521,000
Hard Construction Costs	\$ 1,734,268
Architect & Engineering Fees	\$ 29,688
Contractor Overhead & Profit	\$ 242,798
Developer Fee	\$ 1,049,439
Relocation	\$ 375,941
Cost of Issuance	\$ 255,979
Capitalized Interest	\$ 238,790
Other Soft Costs (Marketing, etc.)	\$ 915,001
Total Uses	\$ 9,362,904

Description of Financial Structure and Bond Issuance:

This is a California Bank & Trust Private Placement transaction. The tax-exempt bonds will carry a fixed interest rate during the permanent phase. The interest rate during construction is expected to be fixed at 5% plus issuer and trustee fees that are expected to total roughly 8 basis points (5.08% total). The amortization period is 30 years and the loan term is 18 years. The construction phase of the bonds will be for a period of 12 months or less with recourse in place. There will be no recourse over the permanent phase.

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: 67.5 out of 130

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$5,000,000 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	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]	10
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	100	67.5

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.