

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
July 17, 2013
Revised Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Leslie Campaz

Applicant: California Statewide Communities Development Authority

Allocation Amount Requested:
Tax-exempt: \$8,200,000

Project Information:
Name: Harden Ranch Apartments
Project Address: 1907 Dartmouth Way
Project City, County, Zip Code: Salinas, Monterey, 93906

Project Sponsor Information:
Name: Harden Salinas AR, L.P. (Community Housing Improvement Systems and Planning Associates, Inc.; HCHP Affordable Multi-Family, LLC)
Principals: Alfred Diaz-Infante and Norm Kolpin for Community Housing Improvement Systems and Planning Associates, Inc.; Michael A. Costa, Robert W. Tetrault, Thomas E. Erickson, and Judy Dossen for HCHP Affordable Multi-Family, LLC
Property Management Company: CHISPA Housing Management Inc.

Project Financing Information:
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Private Placement Purchaser: America First Tax Exempt Investors, L.P.
TEFRA Hearing Date: June 11, 2013

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 98, plus 2 manager units
Type: Acquisition and Rehabilitation
Type of Units: Family

The proposed acquisition and rehabilitation project is an existing 100-unit family housing facility located in the City of Salinas. Of the 100 units, 98 will be restricted to households with incomes no greater than 60% of the area median income and the remaining 2 will be manager units. The unit mix is comprised of 16 one-bedroom units, 20 two-bedroom units, 48 three-bedroom units, and 16 four-bedroom units. The community will be redeveloped in one phase. The anticipated rehabilitation is slated to begin in the first quarter of 2014 with completion slated for approximately the second quarter of 2014.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
42% (41 units) restricted to 50% or less of area median income households.
58% (57 units) restricted to 60% or less of area median income households.
Unit Mix: 1, 2, 3 & 4 bedrooms

After school programs and instructor led educational classes will be provided free of charge for a minimum of 10 years.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$	12,029,610	
Estimated Hard Costs per Unit:	\$	10,745	(\$1,053,000 /98 units)
Estimated per Unit Cost:	\$	122,751	(\$12,029,610 /98 units)
Allocation per Unit:	\$	83,673	(\$8,200,000 /98 units)
Allocation per Restricted Rental Unit:	\$	83,673	(\$8,200,000 /98 restricted units)

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Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 8,200,000	\$ 7,339,926
Deferred Developer Fee	\$ 0	\$ 546,220
LIH Tax Credit Equity	\$ 1,536,163	\$ 3,091,231
Other	\$ 2,293,447	\$ 1,052,233
Total Sources	\$ 12,029,610	\$ 12,029,610
Uses of Funds:		
Acquisition/Land Purchase	\$ 8,800,000	
On & Off Site Costs	\$ 0	
Hard Construction Costs	\$ 1,053,000	
Architect & Engineering Fees	\$ 45,500	
Contractor Overhead & Profit	\$ 140,000	
Developer Fee	\$ 1,428,300	
Cost of Issuance	\$ 52,000	
Capitalized Interest	\$ 168,500	
Other Soft Costs (Marketing, etc.)	\$ 342,310	
Total Uses	\$ 12,029,610	

Description of Financial Structure and Bond Issuance:

This is a private placement bond transaction with the bonds being purchased at closing by America First Tax Exempt Investors, L.P. The Series A bonds will have a maturity of up to 40 years from the day of closing. The bonds will pay monthly principal and interest. It is anticipated that the amortization of the Series A Bonds is 35 years with 2 years of interest only. The bonds will have a fixed interest rate at 5.25%.

Analyst Comments:

Negative points assessed due to a past project named: Horizons at Olive Street Apartments. Should the board approve a Waiver of Negative Points, the project score will be revised to 74.7.

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: 64.7 out of 130
[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$8,200,000 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]	9.7
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	10
Service Amenities	10	10	10
New Construction	10	10	0
Sustainable Building Methods	10	10	0
Negative Points	-10	-10	-10
Total Points	130	100	64.7

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.