

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

Prepared by: Sarah Lester

Applicant: California Statewide Communities Development Authority

Allocation Amount Requested:
Tax-exempt: \$7,000,000

Project Information:
Name: Tyler Park Townhomes Apartments
Project Address: 1120 Heidi Drive
Project City, County, Zip Code: Greenfield, Monterey, 93927

Project Sponsor Information:
Name: Tyler Greenfield AR, LP (Community Housing Improvement Systems and Planning Associates, Inc.; and HCHP Affordable Multi-Family, LLC)
Principals: Alfred Diaz-Infante and Norm Kolpin for Community Housing Improvement Systems and Planning Associates; 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. (CHMI)

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, LP
TEFRA Hearing Date: June 11, 2013

Description of Proposed Project:
State Ceiling Pool: Rural
Total Number of Units: 87, plus 1 manager unit
Type: Acquisition and Rehabilitation
Type of Units: Family

The proposed project is an existing apartment complex located in the City of Greenfield in the County of Monterey. It is situated on approximately 6.29 acres. The development is an 88-unit, townhome style family rental community originally built in 1996. It consists of 20 two-bedroom units, 44 three-bedroom units (one of which is designated for the manager unit) and 24 four-bedroom units. The project offers a clubhouse/community room, basketball courts, picnic areas, playground and central laundry facilities. The scope of rehabilitation will include the replacement of unit water heaters, refrigerators, interior light fixtures, exterior switched lighting; the addition of blown fiberglass insulation to attic space of all buildings; the repair of portions of the exterior trim; pest control inspection/maintenance; re-roofing of all buildings using 30 year tab asphalt shingles with 3-year installation warranty; repair of carports; removal of existing play ground surface, prep surface and installation of rubberized solid slide surface; removal and replacement of perimeter fencing due to dry rot; and the repair and replacement of dry rot on exterior building trim throughout the development, caulk and paint. The anticipated rehabilitation is slated to begin in December 2013 with completed slated for May 2014.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%

76% (66 units) restricted to 50% or less of area median income households.

24% (21 units) restricted to 60% or less of area median income households.

Unit Mix: 2, 3 & 4 bedrooms

The proposed project will include the following service amenities: after school programs on a weekly basis throughout the school year for at least ten (10) hours per week; and instructor-led educational, health and wellness or skill building classes for a minimum of 84 hours per year.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$ 10,516,635	
Estimated Hard Costs per Unit:	\$ 10,651	(\$926,640 /87 units)
Estimated per Unit Cost:	\$ 120,881	(\$10,516,635 /87 units)
Allocation per Unit:	\$ 80,460	(\$7,000,000 /87 units)
Allocation per Restricted Rental Unit:	\$ 80,460	(\$7,000,000 /87 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 7,000,000	\$ 6,421,157
Developer Equity	\$ 0	\$ 416,559
LIH Tax Credit Equity	\$ 1,665,303	\$ 2,646,319
Other (Seller Note)	\$ 240,500	\$ 240,500
Other (Costs Paid at Perm Closing)	\$ 818,732	\$ 0
Other (CHISPA Note & Income during rehab)	\$ 792,100	\$ 792,100
Total Sources	\$ 10,516,635	\$ 10,516,635

Uses of Funds:	
Acquisition/Land Purchase	\$ 7,700,000
On & Off Site Costs	\$ 0
Hard Construction Costs	\$ 926,640
Architect & Engineering Fees	\$ 44,025
Contractor Overhead & Profit	\$ 123,200
Developer Fee	\$ 1,220,905
Cost of Issuance	\$ 52,000
Capitalized Interest	\$ 150,500
Other Soft Costs (Marketing, etc.)	\$ 299,365
Total Uses	\$ 10,516,635

Description of Financial Structure and Bond Issuance:

The proposed project will be a private placement transaction provided by America First Tax Exempt Investors, LP("Bond Purchaser"). The bonds will be issued by the California Statewide Communities Development Authority. Proceeds from the Bonds shall be used to fund a portion of the acquisition and rehabilitation. The Fund will not require guarantees on the Bonds. The construction term will be for 24 months with interest only payments. The permanent financing loan (Senior Bonds) will have a maturity of up to 40 years with an amortization period of 35 years. The interest rate on the Senior Bonds, as underwritten, is proposed to be 5.25% fixed rate. The Fund reserves its' rights to revisit the rate based on market conditions at the time of closing. There will be a one-time redemption to balance the Senior Bonds to meet the lesser of 85% loan-to-value of 1.15% debt coverage.

Analyst Comments:

Negative points assessed due to a past project, The Horizons at Olive Street Apartments. Should the board approve a Waiver of Negative Points, the project score will be revised to 60 points.

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: 50 out of 130

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$7,000,000 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]	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	10
New Construction	10	10	0
Sustainable Building Methods	10	10	0
Negative Points	-10	-10	-10
Total Points	130	100	50

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.