

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
September 18, 2013
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Leslie J. Campaz

Applicant: California Statewide Communities Development Authority

Allocation Amount Requested:
Tax-exempt: \$14,750,000

Project Information:
Name: Arbor Terrace Apartments
Project Address: 2170-2192 Rancho Avenue
Project City, County, Zip Code: Colton, San Bernardino, 92324

Project Sponsor Information:
Name: Arbor Terrace Community Partners, LP (WNC-Arbor Terrace Partners G.P, LLC; JHC-Arbor Terrace, LLC)
Principals: Wilfred N. Cooper and Anand Kannan for WNC-Arbor Terrace Partners G.P, LLC; Marcy V. Torres for JHC-Arbor Terrace, LLC
Property Management Company: Professional Property Management, Inc.

Project Financing Information:
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Private Placement Purchaser: Citibank, N.A.
TEFRA Hearing Date: July 16, 2013

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 127, plus 2 manager units
Type: Acquisition and Rehabilitation
Type of Units: Family/Federally Assisted At-Risk

The proposed project is a 129 unit rental acquisition and rehabilitation project named Arbor Terrace Apartments located in the City of Colton, County of San Bernardino. It consists of 25 two-story garden style buildings containing 129 one, two and three-bedroom units and two one-story laundry facilities. The proposed development will target families earning up to 60% of the area median income. Upon completion, 99 units will be restricted at 60% area median income and the remaining 28 units will be restricted at 50% area median income. The development amenities will include refrigerators, central heating and air, carpet, ceiling fans and cabinets. The site is in close proximity to healthcare services, education, public transportation and retail.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
22% (28 units) restricted to 50% or less of area median income households.
78% (99 units) restricted to 60% or less of area median income households.
Unit Mix: 1, 2 & 3 bedrooms

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost: \$ 22,521,307
Estimated Hard Costs per Unit: \$ 27,409 (\$3,480,921 /127 units)
Estimated per Unit Cost: \$ 177,333 (\$22,521,307 /127 units)
Allocation per Unit: \$ 116,142 (\$14,750,000 /127 units)
Allocation per Restricted Rental Unit: \$ 116,142 (\$14,750,000 /127 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 14,750,000	\$ 13,025,000
Deferred Developer Fee	\$ 4,396,373	\$ 2,500,000
LIH Tax Credit Equity	\$ 3,374,934	\$ 6,749,868
Other (Additional Developer Equity)	\$ 0	\$ 246,439
Total Sources	\$ 22,521,307	\$ 22,521,307

Uses of Funds:	
Acquisition/Land Purchase	\$ 13,000,000
Total Hard Construction Costs	\$ 3,480,921
Architect and Engineering Fees	\$ 70,000
Contractor Overhead & Profit	\$ 278,473
Developer Fee	\$ 2,500,000
Relocation	\$ 50,000
Cost of Issuance	\$ 764,147
Capitalized Reserves	\$ 516,250
Other Soft Costs (Marketing, ect.)	\$ 1,861,516
Total Uses	\$ 22,521,307

Description of Financial Structure and Bond Issuance:

This is a private placement bond transaction with the bonds being purchased by Citibank, N.A. ("the Bank"). The construction phase of the bonds will be for a period of 24 months or less in a total of \$14,750,000. The expected interest rate during the rehabilitation period is 3.50%. The tax-exempt bonds will carry a fixed interest rate, amortization period of 35 years and a term of 16 years in the amount of \$13,025,000. The underwritten interest rate on the tax-exempt bonds is 5.25%

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: 66 out of 130
[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$14,750,000 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	20
Exceeding Minimum Income Restrictions:	35	15	31
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	0
New Construction	10	10	0
Sustainable Building Methods	10	10	0
Negative Points	-10	-10	0
Total Points	130	110	66

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.