Agenda Item No. 9.2
Application No. 13-097

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
November 13, 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: $1,100,000

The amount of allocation requested is supplemental to the $7,000,000 of allocation the Project received on July 17, 2013.

Project Information:

Name: **Tyler Park Townhomes Apartments (Supplemental)**
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 perimerter 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 amentites: 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:	$	10,821,245	
Estimated Hard Costs per Unit:	$	10,651	($926,640 /87 units)
Estimated per Unit Cost:	$	124,382	($10,821,245 /87 units)
Allocation per Unit:	$	93,103	($8,100,000 /87 units)
Allocation per Restricted Rental Unit:	$	93,103	($8,100,000 /87 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	$ 8,100,000	$ 6,181,261
Developer Equity	$ 0	$ 607,478
LIH Tax Credit Equity	$ 65,935	$ 2,803,742
Other (Seller Note)	$ 240,500	$ 240,500
Other (Costs Paid at Perm Closing)	$ 1,426,546	$ 0
Other (CHISPA Note and Income during rehab)	$ 988,264	$ 988,264
Total Sources	$ 10,821,245	$ 10,821,245

Uses of Funds:	
Acquisition/Land Purchase	$ 7,700,000
Hard Construction Costs	$ 926,640
Architect & Engineering Fees	$ 44,025
Contractor Overhead & Profit	$ 123,200
Developer Fee	$ 1,220,905
Relocation	$ 0
Cost of Issuance	$ 52,000
Capitalized Interest	$ 440,188
Other Soft Costs (Marketing, etc.)	$ 314,287
Total Uses	$ 10,821,245

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 Fund"). 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 pemanent 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:

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.

Recommendation:

Staff recommends that the Committee approve $1,100,000 in tax exempt bond allocation on a carryforward basis.