

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: Richard Fischer

Applicant: California Statewide Communities Development Authority

Allocation Amount Requested:

Tax-exempt: \$390,000

The amount of allocation requested is supplemental to the \$5,010,000 of allocation the Project received on July 17, 2013.

Project Information:

Name: Westside Village Apartments Supplemental
Project Address: 550-598 Santa Maria Wy.; 304-478 Arroyo Seco Ave.; 310-479
Mesa Verde Ave; 324-480 Tulare Ave.; 503-595 Vera Cruz

Project City, County, Zip Code: Shafter, Kern, 93263

Project Sponsor Information:

Name: Westside Shafter AR, L.P. (Western Community Housing, Inc.
and HCHP Affordable Multi-Family, LLC)

Principals: Graham Espley-Jones, Sandy Gibbons & Leanne Troufreh for
Western Community Housing, Inc.; Michael A. Costa, Robert
W. Tetrault, Thomas E. Erickson, & Judy Dossen for HCHP
Affordable Multi-Family, LLC

Property Management Company: ConAm Management Corporation

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 6, 2013

Description of Proposed Project:

State Ceiling Pool: Rural

Total Number of Units: 80, plus 1 manager unit

Type: Acquisition and Rehabilitation

Type of Units: Family

Westside Village is located in Shafter, Kern County. It is situated on 11.8 acres. There are 41 three-bedroom two bath homes and 40 four-bedroom two bath homes. A community building is located within the site where the management offices, computer center, multipurpose room, storage areas, kitchen facilities and a community laundry room are all located. All the homes have fully equipped kitchens, central air and heating and maintained front and back landscaping. Rehabilitation is expected to begin in the first quarter of 2014 with completion scheduled for the third quarter of 2014.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
100% (80 units) restricted to 50% or less of area median income households.
Unit Mix: 3 & 4 bedrooms

No service amenities.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$	7,361,498	
Estimated Hard Costs per Unit:	\$	10,662	(\$852,930 /80 units)
Estimated per Unit Cost:	\$	92,019	(\$7,361,498 /80 units)
Allocation per Unit:	\$	67,500	(\$5,400,000 /80 units)
Allocation per Restricted Rental Unit:	\$	67,500	(\$5,400,000 /80 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 5,400,000	\$ 4,071,224
Developer Equity	\$ 0	\$ 644,154
LIH Tax Credit Equity	\$ 91,846	\$ 1,689,097
Seller's Note	\$ 800,000	\$ 800,000
Other (Cost paid at perm closing & Income)	\$ 1,069,652	\$ 157,023
Total Sources	\$ 7,361,498	\$ 7,361,498

Uses of Funds:	
Acquisition/Land Purchase	\$ 5,010,000
Hard Construction Costs	\$ 852,930
Architect & Engineering Fees	\$ 39,500
Contractor Overhead & Profit	\$ 113,400
Developer Fee	\$ 789,972
Cost of Issuance	\$ 52,000
Capitalized Interest	\$ 281,750
Other Soft Costs (Marketing, etc.)	\$ 221,946
Total Uses	\$ 7,361,498

Description of Financial Structure and Bond Issuance:

The proposed project will be a private placement transaction with two series of bonds (Senior and subordinate) 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 Bond Purchaser 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 year 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 Bond Purchaser 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:

No Comments.

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 \$390,000 in tax exempt bond allocation on a carryforward basis.

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	5
Leveraging	10	10	0
Community Revitalization Area	15	15	0
Site Amenities	10	10	10
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	65

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.