

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
December 11, 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: \$7,030,000

Project Information:
Name: Sherwood Villa Apartments
Project Address: 14900 Arlette Drive
Project City, County, Zip Code: Victorville, San Bernardino, 92394

Project Sponsor Information:
Name: Reliant-San Gabriel, LP (Rainbow Housing Assistance Corporation and Gung Ho - San Gabriel, LLC)
Principals: Flynn Janisse for Rainbow Housing Assistance Corporation; Joseph L Sherman and J. Caskie Collet for Gung Ho - San Gabriel, LLC
Property Management Company: FPI Management Company

Project Financing Information:
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Private Placement Purchaser: Citibank, N.A and Reliant Cap VII, LLC
TEFRA Hearing Date: November 5, 2013

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 100, plus 1 manager unit
Type: Acquisition and Rehabilitation
Type of Units: Family/Special Needs

Willow Village apartments is an existing 101-unit Section 8 development on approximately 7.95 acres. There are 17 two-story townhome style buildings and 1 single story leasing office/ community building. Originally built in 1984, the site has 81 two-bedroom units, 20 three-bedroom units, with patios/ balconies and walk-in closets in th 3 bedroom units. There is one children's play ground, one basketball court and three central laundry facilities.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
15% (15 units) restricted to 50% or less of area median income households.
85% (85 units) restricted to 60% or less of area median income households.
Unit Mix: 2 & 3 bedrooms

No service amenities are included.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost: \$ 14,200,131
Estimated Hard Costs per Unit: \$ 37,403 (\$3,740,288 /100 units)
Estimated per Unit Cost: \$ 142,001 (\$14,200,131 /100 units)
Allocation per Unit: \$ 70,300 (\$7,030,000 /100 units)
Allocation per Restricted Rental Unit: \$ 70,300 (\$7,030,000 /100 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Senior Tax-Exempt Bond Proceeds	\$ 5,505,000	\$ 5,505,000
Subordinate Tax-Exempt Bond Proceeds	\$ 1,525,000	\$ 1,525,000
Senior Taxable Bond Proceeds	\$ 1,895,000	\$ 1,895,000
Deferred Developer Fee	\$ 0	\$ 506,659
LIH Tax Credit Equity	\$ 2,777,622	\$ 4,382,521
Cash Flow	\$ 385,951	\$ 385,951
Total Sources	\$ 12,088,573	\$ 14,200,131

Uses of Funds:	
Acquisition/Land Purchase	\$ 6,608,000
Hard Construction Costs	\$ 3,740,288
Architect & Engineering Fees	\$ 18,834
Contractor Overhead & Profit	\$ 377,552
Developer Fee	\$ 1,641,939
Relocation	\$ 22,366
Cost of Issuance	\$ 227,894
Capitalized Interest	\$ 855,563
Other Soft Costs (Marketing, etc.)	\$ 238,075
Reserves	\$ 469,620
Total Uses	\$ 14,200,131

Description of Financial Structure and Bond Issuance:

This is a California Statewide Communities Development Authority issuance of interim tax-exempt bonds for \$5,505,000. They are privately placed by Citibank, N.A. with a 18 month maturity at a current rate of the 1 year MMD plus .45%. \$1,895,000 will be at a taxable rate set at the Treasury 10 year rate plus a spread of 2.59% with a amortization period of 35 years. There is an additional subordinate tax-exempt bond amount of \$1,525,000 @ 9.5% with a 37 year term funded by Reliant CAP VII, LLC.

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: 67.04 out of 130

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$7,030,000 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	20
Exceeding Minimum Income Restrictions:	35	15	27
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	0
Leveraging	10	10	7.54
Community Revitalization Area	15	15	0
Site Amenities	10	10	2.5
Service Amenities	10	10	0
New Construction	10	10	0
Sustainable Building Methods	10	10	5
Negative Points	-10	-10	0
Total Points	130	110	67.04

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.