

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: \$9,170,000

Project Information:
Name: Willow Village Apartments
Project Address: 1150 North Willow Avenue
Project City, County, Zip Code: Rialto, San Bernardino, 92376

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 12, 2013

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 99, plus 1 manager unit
Type: Acquisition and Rehabilitation
Type of Units: Family/Federally Assisted At-Risk

Willow Village apartments is an existing 100-unit Section 8 development on approximately 6.79 acres. There are 18 two-story townhome style buildings and 1 single story leasing office/ community building. Originally built in 1980, the site has 60 two-bedroom units, 40 three-bedroom units, with patios. There are two children's play grounds and two laundry facilities.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
20% (20 units) restricted to 50% or less of area median income households.
80% (79 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:	\$	18,485,853	
Estimated Hard Costs per Unit:	\$	29,991	(\$2,969,107 /99 units)
Estimated per Unit Cost:	\$	186,726	(\$18,485,853 /99 units)
Allocation per Unit:	\$	92,626	(\$9,170,000 /99 units)
Allocation per Restricted Rental Unit:	\$	92,626	(\$9,170,000 /99 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Senior Tax-Exempt Bond Proceeds	\$ 6,945,000	\$ 6,945,000
Subordinate Tax-Exempt Bond Proceeds	\$ 2,225,000	\$ 2,225,000
Senior Taxable Bond Proceeds	\$ 3,215,000	\$ 3,215,000
Deferred Developer Fee	\$ 0	\$ 451,880
LIH Tax Credit Equity	\$ 2,992,660	\$ 5,039,179
Cash Flow	\$ 609,794	\$ 609,794
Total Sources	\$ 15,987,454	\$ 18,485,853

Uses of Funds:	
Acquisition/Land Purchase	\$ 10,878,000
On & Off Site Costs	\$ 0
Hard Construction Costs	\$ 2,969,107
Architect & Engineering Fees	\$ 18,648
Contractor Overhead & Profit	\$ 346,756
Developer Fee	\$ 1,939,505
Relocation	\$ 22,145
Cost of Issuance	\$ 298,810
Capitalized Interest	\$ 1,193,363
Reserves	\$ 558,894
Other Soft Costs (Marketing, etc.)	\$ 260,625
Total Uses	\$ 18,485,853

Description of Financial Structure and Bond Issuance:

This is a California Statewide Communities Development Authority issuance of interim tax-exempt bonds for \$6,945,000. They are privately placed by Citibank, N.A. with a 18 month maturity at a current rate of the 1 year MMD plus .45%. \$3,215,000 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 \$2,225,000 @ 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: 62.22 out of 130

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$9,170,000 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	10
Exceeding Minimum Income Restrictions:	35	15	30
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	9.715
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	62.215

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.