

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
July 16, 2014
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Leslie J. Campaz

Applicant: Housing Authority of the County of Santa Barbara

Allocation Amount Requested:
Tax-exempt: \$3,000,000

Project Information:
Name: Leland Park Apartments
Project Address: 250 and 260 North Pacific Ave.
Project City, County, Zip Code: Orcutt, Santa Barbara, 93455

Project Sponsor Information:
Name: Leland Grossman Sandpiper, L.P. (Housing Authority of the County of Santa Barbara, Surf Development, and RBC)
Principals: Frederick C. Lamont and Robert P. Havlicek for Housing Authority of the County of Santa Barbara; Alfred Holzheu, Joyce Howerton, Frederick C. Lamont and Robert P. Havlicek for Surf Development Company.
Property Management Company: Housing Authority of the County of Santa Barbara

Project Financing Information:
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Private Placement Purchaser: US Bank/ California Community Reinvestment Corporation
TEFRA Adopted Date: November 5, 2013

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 15, plus 1 manager unit
Type: Acquisition and Rehabilitation
Type of Units: Family

The proposed acquisition and rehabilitation project is an existing 16-unit low income family rental housing project located in the City of Orcutt. The project targets families earning up to 60% of the area median income. The unit configuration will consist of 14 two-bedroom units ranging from 960-1293 square feet and one manager's unit. The location is adjacent to a neighborhood park and the Miller Community Center. The location is ideal for residents looking to be close to schools, shopping, and public transportation. The scope of rehabilitation includes: New refrigerators and stoves, new cabinets, replace flooring throughout units, new shower valves, replace parking lot, new landscaping, gutters, down spouts, plank siding, and window trims. The developer's projected rehabilitation completion date is June 2015.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%

13% (2 units) restricted to 50% or less of area median income households.

87% (13 units) restricted to 60% or less of area median income households.

Unit Mix: 1 & 2 bedrooms

There are no service amenities.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$	5,012,098	
Estimated Hard Costs per Unit:	\$	80,743	(\$1,211,139 /15 units)
Estimated per Unit Cost:	\$	334,140	(\$5,012,098 /15 units)
Allocation per Unit:	\$	200,000	(\$3,000,000 /15 units)
Allocation per Restricted Rental Unit:	\$	200,000	(\$3,000,000 /15 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 976,201	\$ 200,000
Tax-Exempt Bond Proceeds/Seller Carryback Note	\$ 2,023,799	\$ 2,021,182
Developer Equity	\$ 233,204	\$ 233,204
Direct and Indirect Public Funds	\$ 450,843	\$ 453,460
Existing Reserves	\$ 521,000	\$ 521,000
Costs Deferred Until Perm Loan Conversion	\$ 97,607	\$ 0
LIH Tax Credit Equity	\$ 231,967	\$ 1,344,514
Deferred Developer Fee	\$ 477,477	\$ 238,738
Total Sources	\$ 5,012,098	\$ 5,012,098

Uses of Funds:	
Acquisition/Land Purchase	\$ 2,621,000
Hard Construction Costs	\$ 1,211,139
Architect & Engineering Fees	\$ 30,000
Contractor Overhead & Profit	\$ 152,208
Developer Fee	\$ 477,477
Relocation	\$ 66,667
Cost of Issuance	\$ 50,000
Capitalized Interest	\$ 25,666
Other Soft Costs (Marketing, etc.)	\$ 377,941
Total Uses	\$ 5,012,098

Description of Financial Structure and Bond Issuance:

The proposed project will be a private placement financial structure provided by both U.S. Bank National Association for the tax-exempt construction and California Community Reinvestment Corporation for the permanent financing. The construction period will be for a term of 24 months from closing. The Interest shall accrue on the outstanding principal balance of the Loan at an annual rate equal to 2.25% plus the one-month LIBOR rate quoted by US bank, plus the term issuance premium, and adjusted for any reserve requirement and any subsequent costs arising from a change in government regulation, the rate shall be reset monthly on the first day of each month. The permanent loan will carry a fixed interest rate for at least a 15-year period with an amortization period of 30 years and a term of 15 years. The underwritten interest rate on the tax-exempt bonds is 5.85%. The bonds will be issued by the Housing Authority of the County of Santa Barbara.

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 out of 130
[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$3,000,000 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	0
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]	10
Gross Rents	5	5	5
Large Family Units	5	5	0
Leveraging	10	10	10
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	62

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.