

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
September 17, 2014
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: \$6,798,000

Project Information:
Name: Glenview Apartments
Project Address: 2361 Bass Lake Road
Project City, County, Zip Code: Cameron Park, El Dorado, 95682

Project Sponsor Information:
Name: Glenview Cameron Park AR, LP (WCH Affordable XI, LLC and HCHP Affordable Multi-Family, LLC)
Principals: Graham Espley-Jones, Sandy Gibbons and Leanne Truofreh for WCH Affordable XI, LLC; Michael A. Costa, Robert W. Tetrault, Thomas E. Erickson and Judy Dossen for HCHP
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: American First Tax Exempt Investors, LP
TEFRA Adopted Date: August 5, 2014

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 87, plus 1 manager unit
Type: Acquisition and Rehabilitation
Type of Units: Family

The proposed project is an existing 88-unit, multi-family rental community development located in Cameron Park, in the County of El Dorado. It was originally built in 1998 and consists of 40 two-bedroom units and 48 three-bedroom units. Of the 88 units, 87 units will be restricted to low income large family households with income no greater than 60% of the area median income and one (1) three-bedroom unit will be utilized for a manager's unit. The redevelopment will be performed in one phase and will include: adding blown fiberglass to achieve R-38 requirement; replacement of windows except sliding glass doors and kitchen windows with new dual pane, vinyl, U-factor; replacement of roofs, 72 water heaters, all refrigerators, interior blinds, floors and entry/exit doors to recreation center/community rooms, and swimming pool equipment; installation of stove repair kits; repair of asphalt and sidewalks as needed; painting of entire exterior envelope for all buildings; repainting of interior recreation center/community room; tree trimming; and landscape/irrigation modification/repairs. The anticipated rehabilitation is scheduled to begin in the first quarter of 2015 with completion slated for approximately the second quarter of 2015.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
41% (36 units) restricted to 50% or less of area median income households.
59% (51 units) restricted to 60% or less of area median income households.
Unit Mix: 2 & 3 bedrooms

No service amenities will be included in the proposed project.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$	9,582,564	
Estimated Hard Costs per Unit:	\$	10,651	(\$926,640 /87 units)
Estimated per Unit Cost:	\$	110,144	(\$9,582,564 /87 units)
Allocation per Unit:	\$	78,138	(\$6,798,000 /87 units)
Allocation per Restricted Rental Unit:	\$	78,138	(\$6,798,000 /87 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 6,798,000	\$ 4,718,392
Developer Equity	\$ 0	\$ 1,039,020
LIH Tax Credit Equity	\$ 130,740	\$ 2,459,935
Seller Note	\$ 1,278,201	\$ 1,278,201
Other (Income during rehab/Deferred Costs)	\$ 1,375,623	\$ 87,106
Total Sources	\$ 9,582,564	\$ 9,582,654

Uses of Funds:	
Acquisition/Land Purchase	\$ 6,700,000
Hard Construction Costs	\$ 926,640
Architect & Engineering Fees	\$ 51,375
Contractor Overhead & Profit	\$ 123,200
Developer Fee	\$ 1,093,705
Cost of Issuance	\$ 160,766
Capitalized Interest	\$ 172,505
Other Soft Costs (Marketing, etc.)	\$ 354,373
Total Uses	\$ 9,582,564

Description of Financial Structure and Bond Issuance:

The financial structure for the proposed project will be a private placement transaction provided by America First Multifamily Investors, LP for both construction and permanent financing. During the construction phase, the loan term will be for 24 months . The interest rate on the Senior (Series A) Bonds, as underwritten, is proposed to be a fixed rate of 5.75%. During the permanent financing phase, the loan term will be for 40 years with an amortization period of 35 years with two (2) years of interest only payments. The interest rate on the Subordinate (Series B) Bonds, as underwritten, is proposed to be a fixed rate of 5.5%. The bonds will be issued by the California Statewide Communities Development Authority.

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: 57.4 out of 130

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$6,798,000 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	35
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Federally Assisted At-Risk Project or HOPE VI Project]	[10]	[10]	7.4
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	5
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	57.4

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.