

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
July 15, 2015
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Sarah Lester

Applicant: California Municipal Finance Authority

Allocation Amount Requested:
Tax-exempt: \$28,000,000

Project Information:
Name: March Veterans Village Apartments
Project Address: Southwest Corner of N. Street and 6th
Project City, County, Zip Code: March Air Reserve Base, Riverside, 92518

Project Sponsor Information:
Name: Coachella Valley Housing Coalition
Principals: Bob Wright, Richard Levine, John F. Mealey, Sue Batts and Pedro S. G. Rodriguez
Property Management Company: Hyder Property Management Professionals

Project Financing Information:
Bond Counsel: Jones Hall, A Professional Law Corporation
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Private Placement Purchaser: Bank of America, N.A. (constr. only)
TEFRA Adopted Date: June 2, 2015

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 136, plus 2 manager units
Type: New Construction
Type of Units: Family/Special Needs

The Coachella Valley Housing Coalition (CVHC), in partnership with the U.S. Veterans Initiative (U.S. Vets), is proposing to develop the March Veterans Village (MVV), a 138 unit multi-family, 100% affordable, apartment community on the old March Air Force Base to be housed by United States Veterans. The 138 units are distributed between one four story building and one three story building on approximately 4 acres. This is the first phase of a multi-phase project. At the end of the many phases more than 400 veterans will be served at this facility. This phase will consist of a blend of 116 efficiency units, 6 one bedroom units and 16 two bedroom units. There will be two managers' on site that will occupy two of the two bedroom units. As part of the development of the March Veterans Village, CVHC will demolish a former military barrack that has remained vacant since the March Air Force Base was closed in 1993. The development will be home to an on-site manger, two tot lots, an amphitheater, basketball court, laundry facilities on each floor, barbeque areas and an approximately 3,000 square foot community room. The community building will be equipped with a computer lab, manager's office, case management offices and classroom space. Rents are set at 30% - 60% of area median income. Rental Assistance provided by HUD VASH Vouchers will allow eligible tenants to pay no more than 30% of their annual income for rent. Construction of the project is scheduled to begin in October 2015 with an anticipated completion date of April 2017.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%

87% (118 units) restricted to 50% or less of area median income households.

13% (18 units) restricted to 60% or less of area median income households.

Unit Mix: Studio, 1 & 2 bedrooms

The proposed project will provide instructor-led educational, health and wellness or skill building classes for a minimum of 84 hours per year.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$ 37,321,728	
Estimated Hard Costs per Unit:	\$ 140,453	(\$19,101,542 /136 units)
Estimated per Unit Cost:	\$ 274,424	(\$37,321,728 /136 units)
Allocation per Unit:	\$ 205,882	(\$28,000,000 /136 units)
Allocation per Restricted Rental Unit:	\$ 205,882	(\$28,000,000 /136 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 28,000,000	\$ 0
Developer Equity	\$ 0	\$ 1,100,000
Deferred Developer Fee	\$ 0	\$ 200,000
LIH Tax Credit Equity	\$ 1,200,000	\$ 13,510,941
Direct & Indirect Public Funds	\$ 1,350,000	\$ 22,510,787
Total Sources	\$ 30,550,000	\$ 37,321,728

Uses of Funds:	
Acquisition/Land Purchase	\$ 32,073
On & Off Site Costs	\$ 2,533,435
Hard Construction Costs	\$ 16,568,107
Development Impact Fees	\$ 735,795
Architect & Engineering Fees	\$ 1,461,090
Contractor Overhead & Profit	\$ 2,166,171
Developer Fee	\$ 2,500,000
Cost of Issuance	\$ 279,500
Legal Fees	\$ 65,000
Construction Financing	\$ 1,623,407
Contingency Cost	\$ 2,552,126
Reserves	\$ 5,508,167
Other Soft Costs (Third Party Reports, Furnishing, Marketing, etc.)	\$ 1,296,857
Total Uses	\$ 37,321,728

Description of Financial Structure and Bond Issuance:

The financial structure for the proposed project will be a private placement transaction provided by Bank of America, N.A. for construction financing only. There will be no permanent tax-exempt bond debt on the project. During the construction phase, the loan term will be for 20 months . The interest rate will be a fluctuating rate equal to the sum of the Daily Floating LIBOR plus a spread of 2.00%. The bonds will be issued by the California Municipal Finance 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: 78.5 out of 130

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$28,000,000 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	35
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Federally Assisted At-Risk Project or HOPE VI Project]	[10]	[10]	3.5
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	0
Service Amenities	10	10	5
New Construction	10	10	10
Sustainable Building Methods	10	10	10
Negative Points	-10	-10	0
Total Points	130	100	78.5

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.