

REVISED
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: Brian Clark

Applicant: California Statewide Communities Development Authority

Allocation Amount Requested:
Tax-exempt: \$9,300,000

Project Information:
Name: Vista Park Chino Apartments
Project Address: 5819 Riverside Drive
Project City, County, Zip Code: Chino, San Bernardino, 91710-4467

Project Sponsor Information:
Name: Preservation Vista Park Chino II, LP (Better Housing Foundation and Preservation Western America, LLC)
Principals: Thomas Ledbetter, Carol Ledbetter and Joseph Ledbetter for Better Housing Foundation; James Perley for Preservation Western America, LLC
Property Management Company: Western America Properties, Inc.

Project Financing Information:
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Private Placement Purchaser: Citibank, NA
TEFRA Adoption Date: May 19, 2015

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 39, plus 1 manager unit
Type: Acquisition and Rehabilitation
Type of Units: Family/Federally Assisted At-Risk

The Project, constructed in 1983, is located on a 2.62 acre parcel in a mixed commercial and residential area of northern Chino. The Project, consisting of 6 residential buildings, a management/community building and 76 surface parking spaces; houses 39 tenant units (20 two-bedroom units and 19 three-bedroom units) and a single three-bedroom manager's unit. All tenant units will be income restricted: 4 at 50% Area Median Income ("AMI") and 35 at 60% AMI. Unit amenities include central AC/heating, patios/balconies, ceiling fans, range, refrigerator and disposal. Site amenities include gated access, laundry facility, playground, garden landscaping, on-site management and a community room with kitchen. Unit renovations will include new flooring, windows, sliding glass doors, window coverings, HVAC units, range hood, appliances, light fixtures, low-flow plumbing fixtures, painting, patio/balcony railings or fencing and ADA upgrades/compliance. Exterior renovations will include new playground equipment, security intercom system, lighting, painting, landscaping and ADA upgrades/compliance. Rehabilitation is expected to begin in August 2015 and be completed in April 2016.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
10% (4 units) restricted to 50% or less of area median income households.
90% (35 units) restricted to 60% or less of area median income households.
Unit Mix: 2 & 3 bedrooms

There are no service amenities.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost: \$ 11,744,567
Estimated Hard Costs per Unit: \$ 50,769 (\$1,980,000 /39 units)
Estimated per Unit Cost: \$ 301,143 (\$11,744,567 /39 units)
Allocation per Unit: \$ 238,462 (\$9,300,000 /39 units)
Allocation per Restricted Rental Unit: \$ 238,462 (\$9,300,000 /39 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 9,300,000	\$ 7,544,154
Developer Equity	\$ 733,368	\$ 94,255
LIH Tax Credit Equity	\$ 1,266,865	\$ 3,619,614
Income During Rehabilitation	\$ 444,334	\$ 486,544
Total Sources	\$ 11,744,567	\$ 11,744,567

Uses of Funds:	
Acquisition/Land Purchase	\$ 6,500,000
On & Off Site Costs	\$ 183,187
Hard Construction Costs	\$ 1,796,813
Architect & Engineering Fees	\$ 75,000
Contractor Overhead & Profit	\$ 286,704
Developer Fee	\$ 1,372,482
Relocation	\$ 102,000
Cost of Issuance	\$ 550,173
Construction & Permanent Financing	\$ 495,008
Reserves	\$ 280,000
Other Soft Costs (Third Party Reports, Furnishings, Marketing, etc.)	\$ 103,200
Total Uses	\$ 11,744,567

Description of Financial Structure and Bond Issuance:

The bonds will be purchased as a private placement transaction by Citibank, N.A. The construction phase will be for a period of 24 months. Upon conversion to permanent phase, the permanent loan will have a 30 year term and a 35 year amortization period. The construction and permanent loans will bear interest at a fixed rate equal to the sum of the 17-year LIBOR swap index plus a spread of 2.00%.

Analyst Comments:

The property currently has a project-based HUD Section 8 Housing Assistance Payments (HAP) contract providing rental subsidies to 100% of the units. The Project is considered "Federally At-Risk" as the current HAP contract expired April 5, 2015; however, it is the Project Sponsor's intent to renew the contract for a new 20-year term in accordance with HUD renewal guidelines. This renewal is subject to a successful allocation of bonds and LIHTC.

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: 68 out of 130
[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$9,300,000 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	20
Exceeding Minimum Income Restrictions:	35	15	25
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	5
Leveraging	10	10	0
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	3
Negative Points	-10	-10	0
Total Points	130	110	68

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.