

**THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**  
**September 16, 2015**  
**Staff Report**  
**REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A**  
**QUALIFIED RESIDENTIAL RENTAL PROJECT**

*Prepared by: Devon King*

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**Applicant:** Housing Authority of the County of San Bernardino

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**Allocation Amount Requested:**

**Tax-exempt:** \$1,000,000

The amount of allocation requested is supplemental to the \$8,200,000 of allocation the Project received on May 20, 2015.

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**Project Information:**

**Name:** Horizons at Yucaipa Apartments  
**Project Address:** 12279 3rd Street  
**Project City, County, Zip Code:** Yucaipa, San Bernardino, 92339

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**Project Sponsor Information:**

**Name:** UHC 00539 Yucaipa, L.P. (Housing Partners I Incorporated)  
**Principals:** Lee McDougal, Daniel J. Nackerman, John C. McGrath, Fred Shorett, Kathryn McCool for Housing Partners I Incorporated  
**Property Management Company:** Hyder Property Management Professionals

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**Project Financing Information:**

**Bond Counsel:** Ballard Spahr Andrews & Ingersoll, LLP  
**Underwriter:** Not Applicable  
**Credit Enhancement Provider:** Not Applicable  
**Private Placement Purchaser:** JP Morgan Chase Bank, N.A.  
**TEFRA Adoption Date:** April 13, 2015

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**Description of Proposed Project:**

**State Ceiling Pool:** General  
**Total Number of Units:** 49, plus 1 manager unit  
**Type:** New Construction  
**Type of Units:** Senior Citizens

Horizons at Yucaipa is a new construction project that will provide 50 rental units (49 low income affordable housing units and one two-bedroom management unit) for seniors age 55+. Situated on approximately 4.55 acres of a 4.92 acres, the site is flat and there are no existing structures or outbuildings. The project will consist of a single, two-story, garden style building with connecting, second story corridors that will provide 38 one-bedroom apartments, 12 two-bedroom apartments, and a community center. There will be two elevators which provide for second-floor access. All 50 units and the site will be ADA compliant. The project has a community room with a full kitchen, computer lab, on-site leasing/manager office, and media room. There will be an outdoor barbeque/picnic area and swimming pool and spa. A laundry room will be located on each floor. Each laundry room will contain 4 washers and 4 dryers, for a total of 8 washers and 8 dryers. Apartment amenities include a covered patio/balcony, dishwasher, refrigerator, range, garbage disposal, ceiling fan, and are wired for cable television. All appliances will be Energy Star rated. The project will also include solar power to provide electricity to the community room, common areas, and all units. Construction is expected to begin in June 2015 and be completed in June 2016.

**Description of Public Benefits:**

**Percent of Restricted Rental Units in the Project:** 100%

86% (42 units) restricted to 50% or less of area median income households.

14% (7 units) restricted to 60% or less of area median income households.

**Unit Mix:** 1 & 2 bedrooms

There will be no service amenities for the proposed project.

**Term of Restrictions:**

**Income and Rent Restrictions:** 55 years

**Details of Project Financing:**

<b>Estimated Total Development Cost:</b>	\$ 17,559,773	
<b>Estimated Hard Costs per Unit:</b>	\$ 204,827	(\$10,036,529 /49 units)
<b>Estimated per Unit Cost:</b>	\$ 358,363	(\$17,559,773 /49 units)
<b>Allocation per Unit:</b>	\$ 187,755	\$9,200,000 /49 units)
<b>Allocation per Restricted Rental Unit:</b>	\$ 187,755	\$9,200,000 /49 restricted units)

<b>Sources of Funds:</b>	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 9,200,000	\$ 2,975,000
Deferred Developer Fee	\$ 958,458	\$ 352,694
LIH Tax Credit Equity	\$ 700,594	\$ 7,005,940
Direct & Indirect Public Funds	\$ 5,394,650	\$ 6,122,269
Other (Reserves)	\$ 202,201	\$ 0
Other (General Partner Loan)	\$ 1,103,870	\$ 1,103,870
<b>Total Sources</b>	<b>\$ 17,559,773</b>	<b>\$ 17,559,773</b>

<b>Uses of Funds:</b>	
Acquisition/Land Purchase	\$ 1,040,000
On & Off Site Costs	\$ 2,237,674
Hard Construction Costs	\$ 7,798,855
Architect & Engineering Fees	\$ 734,000
Contractor Overhead & Profit	\$ 551,931
Developer Fee	\$ 1,250,000
Legal Fees	\$ 158,027
Cost of Issuance	\$ 113,000
Reserves	\$ 202,201
Construction and Permanent Financing	\$ 710,292
Other (Development Impact Fees + Permits)	\$ 1,464,213
Other (Construction Contingency)	\$ 532,173
Other Soft Costs (Marketing, Furnishings and Third Party Reports etc.)	\$ 767,407
<b>Total Uses</b>	<b>\$ 17,559,773</b>

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**Description of Financial Structure and Bond Issuance:**

The proposed financial structure will be a private placement provided by JP Morgan Chase Bank, N.A. During the construction financing phase the loan term will be for 24 months with a variable) interest rate of a Libor + 150 bps. During the permanent financing phase, the loan term will be for 18 years with an amortization period of 30 years at a fixed rate of a 10 year swap plus 2.36% with an indicative rate of 5%.

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**Analyst Comments:**

Not Applicable

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**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.

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**Recommendation:**

Staff recommends that the Committee approve \$1,000,000 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	0
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	0
Large Family Units	5	5	0
Leveraging	10	10	0
Community Revitalization Area	15	15	0
Site Amenities	10	10	0
Service Amenities	10	10	0
New Construction	10	10	0
Sustainable Building Methods	10	10	0
Negative Points	-10	-10	0
<b>Total Points</b>	<b>130</b>	<b>100</b>	<b>0</b>

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.