

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

Prepared by: Devon King

Applicant: California Housing Finance Agency

Allocation Amount Requested:
Tax-exempt: \$7,060,000

Project Information:
Name: Ortiz Plaza Apartments
Project Address: 5352 Old Redwood Highway
Project City, County, Zip Code: Santa Rosa, Sonoma, 95403

Project Sponsor Information:
Name: Ortiz Plaza LP (CHD Ortiz Plaza LLC, Phoenix Development Company of Minneapolis LLC, and Affordable Housing Alliance II Inc, dba Integrity Housing)
Principals: Christopher Paige, Margaret Ingold, Margaret Gendreau for CHD Ortiz Plaza LLC; Loren E. Brueggemann for Phoenix Development Company of Minneapolis LLC; Anjela Ponce, Phil Wood Dawn Allen, Gary Ponce, and Paul Carroll for Integrity Housing.
Property Management Company: Hyder & Company

Project Financing Information:
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Private Placement Purchaser: Exchange Bank (Construction) and California Community Reinvestment Corporation (Permanent)
TEFRA Adoption Date: July 24, 2015

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 29, plus 1 manager unit
Type: New Construction
Type of Units: Family/Special Needs

Ortiz Plaza will be exclusively for farm workers and their families. Units will be restricted based on income from farm labor. Residents will be restricted to income levels of 30-50% of area median. The 1.78 acre site is located in the Larkfield area, in the heart of Sonoma County. Ortiz Plaza will consist of thirty 2-bedroom/1.5 bath units, spread amongst four 2-story buildings (A-D), encircling a single level community center. Inside the community building will be laundry facilities, a management office, and kitchen. Just outside will be a covered patio for gatherings, a BBQ/picnic area and a children's playground. Community gardens are proposed along Old Redwood Highway, near buildings A & B, with a basketball hoop and play area for teens in between the two buildings. The construction will be wood framed with buildings A to D being modular and built in a local facility. The community room will be built on site. Buildings will feature asphalt shingle roofs, Hardie-Plank cementitious & stucco sidings, wood roof trusses, energy efficient windows & appliances with a raised foundation and crawl space below. The body siding colors are Earth tone in nature with the plaster, brackets, eaves and rakes in lighter tones to complement the off-white windows. Construction is set to begin in summer of 2015, with an anticipated completion date of January 1, 2016

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
100% (29 units) restricted to 50% or less of area median income households.
Unit Mix: 2 bedrooms

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

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$ 10,587,150	
Estimated Hard Costs per Unit:	\$ 156,166	(\$4,528,823 /29 units)
Estimated per Unit Cost:	\$ 365,074	(\$10,587,150 /29 units)
Allocation per Unit:	\$ 243,448	(\$7,060,000 /29 units)
Allocation per Restricted Rental Unit:	\$ 243,448	(\$7,060,000 /29 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 7,060,000	\$ 2,250,000
LIH Tax Credit Equity	\$ 666,129	\$ 3,338,020
Other(Deferred County Fees)	\$ 516,000	\$ 0
Other(American AG Credit Grant)	\$ 100,000	\$ 100,000
Other(MK Old Redwood)	\$ 250,000	\$ 250,000
Other(Public Funds)	\$ 510,000	\$ 4,026,000
Other(Deferred Developer Fee)	\$ 952,847	\$ 623,130
Total Sources	\$ 10,054,976	\$ 10,587,150

Uses of Funds:	
Acquisition/Land Purchase	\$ 1,611,100
Hard Construction Costs	\$ 4,905,102
Development Impact Fees	\$ 741,120
Architect & Engineering Fees	\$ 337,750
Contractor Overhead & Profit	\$ 313,027
Developer Fee	\$ 1,050,000
Cost of Issuance	\$ 65,000
Legal Fees	\$ 137,374
Const. & Perm. Financing	\$ 617,787
Reserves	\$ 516,468
Soft Costs (3rd Party Rpts., Marketing, Furn., etc.)	\$ 292,422
Total Uses	\$ 10,587,150

Description of Financial Structure and Bond Issuance:

The proposed financial structure will be a private placement provided by Exchange Bank (Construction) and California Community Reinvestment Corporation (Permanent). During the construction financing phase the loan term will be for 24 months with a fixed interest rate equal to the sum of the 5.25%. During the permanent financing phase, the loan term will be for 35 years with an amortization period of 35 years at a fixed rate equal to the greater of 5.00% or 15 year muni bond index plus 200 bps for the first 15 years and then resets in year 16 for years 16-35 at the index plus 225 bps but no less than the rate during the first 15 years. The current indicative rate is 5.00%. There was no underwritten rate provided.

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: 72.85 out of 130

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$7,060,000 in tax exempt bond allocation on a carryforward basis.

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]	10
Gross Rents	5	5	5
Large Family Units	5	5	0
Leveraging	10	10	5.35
Community Revitalization Area	15	15	0
Site Amenities	10	10	2.5
Service Amenities	10	10	5
New Construction	10	10	10
Sustainable Building Methods	10	10	0
Negative Points	-10	-10	0
Total Points	130	100	72.85

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.