

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
July 19, 2017
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Louise Eller

Applicant: Housing Authority of the City of San Luis Obispo

Allocation Amount Requested:

Tax-exempt: \$750,000

The amount of allocation requested is supplemental to the \$5,600,000 of allocation the Project received on October 19, 2016.

Project Information:

Name: SLO 55 Apartments (Supplemental/Scattered Site)
Project Address: 1102, 1108, 1116 and 1120 Ironbark Street; 1105 Laurel and
1092 Orcutt Road; 1363 Pismo Street
Project City, County, Zip Code: San Luis Obispo, San Luis Obispo, 93401

Project Sponsor Information:

Name: SLO 55, L.P. (SLO Non-Profit Housing Corporation)
Principals: Anthony R. Chubon and Scott Smith for SLO Non-Profit
Housing Corporation
Property Management Company: Housing Authority of San Luis Obispo

Project Financing Information:

Bond Counsel: Quint & Thimmig LLP
Private Placement Purchaser: Pacific Western Bank
Cash Flow Permanent Bond: Not Applicable
Public Sale: Not Applicable
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Rating: Not Applicable
TEFRA Noticing Date: June 3, 2017
TEFRA Adoption Date: June 20, 2017

Description of Proposed Project:

State Ceiling Pool: General
Total Number of Units: 55
Manager's Units: 3 restricted
Type: Acquisition and Rehabilitation
Population Served: Family

SLO 55 Apartments (Supplemental) is an existing project located in San Luis Obispo on two sites totaling 20.65 acres. The project consists of 52 restricted rental units and 3 restricted managers' units. The project has 19 one-bedroom units, 22 two-bedroom units, 12 three-bedroom units and 2 four-bedroom units. The renovations will include building exterior/interior upgrades. Building exterior renovations will consist of significant exterior upgrades, window replacement, stucco work, building envelope, improved fencing, landscaping improvements and HVAC work. Individual apartment units will be updated with new kitchen countertops and cabinetry. Lastly, common or site area renovations will consist of asphalt repairs. The rehabilitation is expected to begin in July 2017 and completed in December 2017.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%

60% (33 units) restricted to 50% or less of area median income households.

40% (22 units) restricted to 60% or less of area median income households.

Unit Mix: 1, 2, 3 & 4 bedrooms

The proposed project will not be providing service amenities.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$ 12,830,559	
Estimated Hard Costs per Unit:	\$ 46,559	(\$2,560,729 /55 units including mgr. units)
Estimated per Unit Cost:	\$ 233,283	(\$12,830,559 /55 units including mgr. units)
Allocation per Unit:	\$ 115,455	(\$6,350,000 /55 units including mgr. units)
Allocation per Restricted Rental Unit:	\$ 115,455	(\$6,350,000 /55 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 6,350,000	\$ 5,010,000
LIH Tax Credit Equity	\$ 1,242,176	\$ 3,887,885
Developer Equity	\$ 1,309,396	\$ 0
Deferred Developer Fee	\$ 0	\$ 3,687
Seller Carryback Loan	\$ 3,705,912	\$ 3,705,912
Net Income From Operations	\$ 223,075	\$ 223,075
Total Sources	\$ 12,830,559	\$ 12,830,559

Uses of Funds:	
Land Cost/Acquisition	\$ 6,800,000
Rehabilitation	\$ 2,768,919
Relocation	\$ 175,000
Contractor Overhead & Profit	\$ 203,972
Architectural Fees	\$ 100,000
Survey and Engineering	\$ 25,000
Construction Interest and Fees	\$ 501,835
Permanent Financing	\$ 20,000
Legal Fees	\$ 185,000
Reserves	\$ 120,000
Appraisal	\$ 15,000
Hard Cost Contingency	\$ 290,660
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 315,777
Developer Costs	\$ 1,309,396
Total Uses	\$ 12,830,559

Analyst Comments:

None

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.

Recommendation:

Staff recommends that the Committee approves \$750,000 in tax exempt bond allocation on a carryforward basis.