

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
November 15, 2017
Staff Report
**REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT**

Prepared by: Richard Fischer

Applicant: City of Ontario

Allocation Amount Requested: Tax-exempt: \$7,447,037

Project Information: Name: Seasons at Ontario Apartments
Project Address: 955 N. Palmetto
Project City, County, Zip Code: Ontario, San Bernardino, 91762

Project Sponsor Information: Name: LINC Ontario Apartments LP (LINC Ontario Apartments LLC and LINC Community Development Corporation)
Principals: Rebecca Clark, Suny Lay Chang, Nina Dooley, Samara Larson and Divya Gill for both LINC-Ontario Apartments, LLC and LINC Community Development Corporation
Property Management Company: U. S. Residential Group (USRG)

Project Financing Information: Bond Counsel: Jones Hall, A Professional Law Corporation
Private Placement Purchaser: BBVA Compass
Cash Flow Permanent Bond: Not Applicable
Public Sale: Not Applicable
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Rating: Not Applicable
TEFRA Noticing Date: September 18, 2017
TEFRA Adoption Date: October 3, 2017

Description of Proposed Project: State Ceiling Pool: General
Total Number of Units: 80
Manager's Units: 2 Unrestricted
Type: Acquisition and Rehabilitation
Population Served: Senior Citizens

Seasons at Ontario Apartments is an existing project located in Ontario on a 3.23-acre site. The project consists of 78 restricted rental units and 2 unrestricted managers' units. The project has 61 one-bedroom units and 19 two-bedroom units. The renovations will include building exterior and interior upgrades. Building exterior renovations will consist of dry rot repairs, new deck coating and waterproofing, window replacements and drywall patching. Interior renovations will include community room upgrades and ADA upgrades to 9 units. Individual apartment units will be updated with a new appliance package, countertops, cabinets, fixtures, paint and electrical updates. The rehabilitation is expected to begin in December 2017 and completed in November 2018.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
10% (8 units) restricted to 50% or less of area median income households.
90% (70 units) restricted to 60% or less of area median income households.
Unit Mix: 1 & 2 bedrooms

The proposed project will be providing service amenities such as after school programs and instructor-led educational, health and wellness, or skill building classes.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost: \$ 13,658,649
Estimated Hard Costs per Unit: \$ 35,234 (\$2,818,734 /80 units including mgr. units)
Estimated per Unit Cost: \$ 170,733 (\$13,658,649 /80 units including mgr. units)
Allocation per Unit: \$ 93,088 (\$7,447,037 /80 units including mgr. units)
Allocation per Restricted Rental Unit: \$ 95,475 (\$7,447,037 /78 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 7,447,037	\$ 2,586,200
LIH Tax Credit Equity	\$ 219,055	\$ 4,381,094
Developer Equity	\$ 1,600	\$ 1,600
Deferred Developer Fee	\$ 1,104,550	\$ 1,104,550
Deferred Costs	\$ 533,167	\$ 0
Seller Carryback Loan	\$ 0	\$ 356,306
City of Ontario Assumed Principal	\$ 2,656,200	\$ 2,656,200
City of Ontario Assumed Interest	\$ 1,529,640	\$ 1,529,640
Accrued/Deferred Interest	\$ 167,400	\$ 167,400
Weatherization Loan	\$ 0	\$ 596,160
Income during Construction	\$ 0	\$ 279,499
Total Sources	\$ 13,658,649	\$ 13,658,649
Uses of Funds:		
Land Cost/Acquisition	\$ 6,875,000	
Rehabilitation	\$ 3,003,848	
Relocation	\$ 65,000	
Contractor Overhead & Profit	\$ 164,604	
Architectural Fees	\$ 150,000	
Survey and Engineering	\$ 30,000	
Construction Interest and Fees	\$ 730,506	
Permanent Financing	\$ 35,862	
Legal Fees	\$ 75,000	
Reserves	\$ 172,976	
Appraisal	\$ 7,500	
Hard Cost Contingency	\$ 316,845	
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 388,075	
Developer Costs	\$ 1,643,433	
Total Uses	\$ 13,658,649	

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.

Total Points:

87 out of 140 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$7,447,037 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
Preservation Project	20	20	20
Exceeding Minimum Income Restrictions:	35	15	25
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	0
Gross Rents	5	5	5
Large Family Units	5	5	0
Leveraging	10	10	10
Community Revitalization Area	5	5	0
Site Amenities	10	10	10
Service Amenities	10	10	10
New Construction or Substantial Renovation	10	10	0
Sustainable Building Methods	10	10	7
Forgone Eligible Developer Fee (Competitive Allocation Process Only)	10	10	N/A
Minimum Term of Restrictions (Competitive Allocation Process Only)	10	10	N/A
Negative Points (No Maximum)	-10	-10	0
Total Points	140	110	87