

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
October 17, 2018
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Felicity Wood

Applicant: City of Ontario

Allocation Amount Requested:
Tax-exempt: \$23,000,000

Project Information:
Name: Virginia/Holt Multifamily Affordable Housing Project
Apartments
Project Address: 110 North Virginia Avenue
Project City, County, Zip Code: Ontario, San Bernardino, 91761

Project Sponsor Information:
Name: Virginia-Holt Housing, LP (NCRC Ontario GP, LLC)
Principals: Armando Bucelo, James Cashion, Gavin Clingham, Daniel Fauske, G. Allan Kingston
Property Management Company: National Community Renaissance of California

Project Financing Information:
Bond Counsel: Squire Patton Boggs (US) LLP
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: June 28, 2018
TEFRA Adoption Date: July 17, 2018

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 101
Manager's Units: 1 Unrestricted
Type: New Construction
Population Served: Family

Virginia Holt Apartments is a new construction project located in Ontario on a 4.18-acre site. The project consists of 100 restricted rental units and one unrestricted manager unit. The project will have 69 two-bedroom units and 32 three-bedroom units. The buildings will be two three-story wood-framed buildings and a foundation of a 4" thick hardrock concrete slab. Common amenities include a community center, computer center, central laundry facilities, a pool, community garden, two centrally located bike rooms and a tot-lot. Each unit will have balconies or patios, blinds, laminate flooring, central air conditioning, coat closets and walk-in closets. Appliances will include a refrigerator, oven, dishwasher and garbage disposal. There will be 183 parking spaces provided. The project will be pursuing LEED certification. Green features include 7% efficiency beyond 2016 Building Code standards and a non-smoking policy. The construction is expected to begin December 2018 and be completed in June 2020.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
58% (58 units) restricted to 50% or less of area median income households.
42% (42 units) restricted to 60% or less of area median income households.
Unit Mix: 2 & 3 bedrooms

The proposed project will be receiving service amenity points.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost: \$ 37,154,344
Estimated Hard Costs per Unit: \$ 156,477 (\$15,804,153 /101 units including mgr. unit)
Estimated per Unit Cost: \$ 367,865 (\$37,154,344 /101 units including mgr. unit)
Allocation per Unit: \$ 227,723 (\$23,000,000 /101 units including mgr. unit)
Allocation per Restricted Rental Unit: \$ 230,000 (\$23,000,000 /100 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 23,000,000	\$ 3,287,000
LIH Tax Credit Equity	\$ 7,346,084	\$ 13,533,951
Developer Equity	\$ 1,000,000	\$ 1,000,000
Deferred Developer Fee	\$ 0	\$ 49,753
Deferred Costs	\$ 1,388,260	\$ 0
Ontario Housing Authority Land Loan	\$ 2,420,000	\$ 1,564,315
Ontario Housing Authority In-Lieu Fees	\$ 2,000,000	\$ 2,000,000
Transformative Climate Communities Loan	\$ 0	\$ 14,729,325
FHLBSF - AHP	\$ 0	\$ 990,000
Total Sources	\$ 37,154,344	\$ 37,154,344

Uses of Funds:	
Land Cost/Acquisition	\$ 3,531,846
New Construction	\$ 20,568,669
Contractor Overhead & Profit	\$ 1,815,113
Architectural Fees	\$ 1,509,700
Survey and Engineering	\$ 300,000
Construction Interest and Fees	\$ 1,816,693
Permanent Financing	\$ 71,000
Legal Fees	\$ 345,000
Reserves	\$ 238,405
Appraisal	\$ 25,000
Hard Cost Contingency	\$ 1,174,781
Local Development Impact Fees	\$ 1,579,575
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 678,562
Developer Costs	\$ 3,500,000
Total Uses	\$ 37,154,344

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:

97.5 out of 140 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$23,000,000 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
Preservation Project	20	20	0
Exceeding Minimum Income Restrictions:	35	15	35
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	10
Large Family Units	5	5	5
Leveraging	10	10	10
Community Revitalization Area	5	5	0
Site Amenities	10	10	7.5
Service Amenities	10	10	10
New Construction or Substantial Renovation	10	10	10
Sustainable Building Methods	10	10	10
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	120	97.5