

**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*

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**Applicant:** City of Ontario

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**Allocation Amount Requested:** Tax-exempt: \$25,200,000

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**Project Information:**  
**Name:** Ontario Townhouses Apartments  
**Project Address:** 1360 East D Street  
**Project City, County, Zip Code:** Ontario, San Bernardino, 91764

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**Project Sponsor Information:**  
**Name:** Ontario TH Renewal L.P. (Ontario TH Manager LLC)  
**Principals:** Todd Travis, Randall Kelly, Robert Custer and Jason Goldblatt  
**Property Management Company:** Barker Management, Incorporated

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**Project Financing Information:**  
**Bond Counsel:** Jones Hall, A Professional Law Corporation  
**Private Placement Purchaser:** Not Applicable  
**Cash Flow Permanent Bond:** Not Applicable  
**Public Sale:** Credit Enhanced  
**Underwriter:** Stifel, Nicolaus & Company  
**Credit Enhancement Provider:** Greystone Servicing Corporation, Inc.  
**Rating:** AA+  
**TEFRA Noticing Date:** June 28, 2018  
**TEFRA Adoption Date:** July 17, 2018

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**Description of Proposed Project:**  
**State Ceiling Pool:** General  
**Total Number of Units:** 86  
**Manager's Units:** 1 Unrestricted  
**Type:** Acquisition and Rehabilitation  
**Population Served:** Family

Ontario Townhouses Apartments is an existing project located in Ontario on a 4.50-acre site. The project consists of 85 restricted rental units and one unrestricted manager unit. The project has 48 two-bedroom units and 38 three-bedroom units. The renovations will include building exterior and interior upgrades. Exterior renovations will consist of upgrading doors and replacing roofs. The roofs will be upgraded with new insulation, gutters and downspouts. Exteriors will be repaired and painted. Interior renovations will upgrade mechanical, electrical, plumbing and HVAC systems. Electrical upgrades will provide more electricity to the site. Gas water heaters will be replaced with electric heaters. Air-conditioning will be added to the 2nd floor units. Units will receive new electric ranges, microwaves and grease shields. Bathrooms will receive new vanities, mirrors, exhaust fans and accessories. Flooring in the units will be replaced with vinyl plank throughout and sheet vinyl in the bathrooms. The rehabilitation is expected to begin in late 2018 and be completed by year-end 2019.

**Description of Public Benefits:**

**Percent of Restricted Rental Units in the Project:** 100%  
31% (26 units) restricted to 50% or less of area median income households.  
69% (59 units) restricted to 60% or less of area median income households.  
**Unit Mix:** 2 & 3 bedrooms

The proposed project will not be receiving service amenity points.

**Term of Restrictions:**

**Income and Rent Restrictions:** 55 years

**Details of Project Financing:**

<b>Estimated Total Development Cost:</b>	\$ 40,451,675	
<b>Estimated Hard Costs per Unit:</b>	\$ 49,240	(\$4,234,662 /86 units including mgr. unit)
<b>Estimated per Unit Cost:</b>	\$ 470,368	(\$40,451,675 /86 units including mgr. unit)
<b>Allocation per Unit:</b>	\$ 293,023	(\$25,200,000 /86 units including mgr. unit)
<b>Allocation per Restricted Rental Unit:</b>	\$ 296,471	(\$25,200,000 /85 restricted units)

<b>Sources of Funds:</b>	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 25,200,000	\$ 25,200,000
LIH Tax Credit Equity	\$ 11,975,356	\$ 11,975,356
Deferred Developer Fee	\$ 1,713,691	\$ 1,713,691
Net Income From Operations	\$ 1,462,628	\$ 1,462,628
CDLAC Performance Deposit	\$ 100,000	\$ 100,000
Total Sources	\$ 40,451,675	\$ 40,451,675

<b>Uses of Funds:</b>	
Land Cost/Acquisition	\$ 27,000,000
Rehabilitation	\$ 4,751,024
Relocation	\$ 86,000
Contractor Overhead & Profit	\$ 230,789
Architectural Fees	\$ 79,000
Survey and Engineering	\$ 8,000
Construction Interest and Fees	\$ 1,370,256
Permanent Financing	\$ 674,273
Legal Fees	\$ 328,500
Reserves	\$ 556,155
Appraisal	\$ 9,500
Hard Cost Contingency	\$ 484,657
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 273,722
Developer Costs	\$ 4,599,799
Total Uses	\$ 40,451,675

**Analyst Comments:**

None

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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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**Total Points:**

80 out of 140 [See Attachment A]

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**Recommendation:**

Staff recommends that the Committee approves \$25,200,000 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	20
Exceeding Minimum Income Restrictions:	35	15	35
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	0
Large Family Units	5	5	5
Leveraging	10	10	0
Community Revitalization Area	5	5	0
Site Amenities	10	10	10
Service Amenities	10	10	0
New Construction or Substantial Renovation	10	10	10
Sustainable Building Methods	10	10	0
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
<b>Total Points</b>	<b>140</b>	<b>110</b>	<b>80</b>