

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
January 16, 2019
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Sarah Lester

Applicant:	California Housing Finance Agency		
Allocation Amount Requested:	Tax-exempt:	\$11,870,000	
Project Information:	Name:	Heritage Plaza	
	Project Address:	920-1180 Delta Street & 1825-1875 Benton Drive	
	Project City, County, Zip Code:	Redding, Shasta, 96003	
Project Sponsor Information:	Name:	Herritage Plaza Redding, L.P. (Kingdom Redding, LLC and AMREV Redding, LLC)	
	Principals:	William Leach, Rusty Leach and Mallory Drohan for Kingdom Development, Inc.; and Robert Lawler for AMREV Redding, LLC	
	Property Management Company:	FPI Management, Inc.	
Project Financing Information:	Bond Counsel:	Orrick, Herrington & Sutcliffe LLP	
	Private Placement Purchaser:	Citibank, N.A.	
	Cash Flow Permanent Bond:	Not Applicable	
	Public Sale:	Not Applicable	
	Underwriter:	Not Applicable	
	Credit Enhancement Provider:	Not Applicable	
	Rating:	Not Applicable	
	TEFRA Noticing Date:	October 5, 2018	
	TEFRA Adoption Date:	November 2, 2018	
Description of Proposed Project:	State Ceiling Pool:	General	
	Total Number of Units:	180	
	Manager's Units:	2 Unrestricted	
	Type:	Acquisition and Rehabilitation	
	Population Served:	Family	

Heritage Plaza Apartments is an existing project located in Redding on a 12.93 acre site. The project consists of 178 restricted rental units and 2 unrestricted manager unit. The project has 4 Studio units, 64 one-bedroom units, 72 two-bedroom units and 40 three-bedroom units. The renovations will include exterior and interior upgrades. Exterior renovations will consist of replacing the tot lot with new equipment and soft flooring, improving the community garden, new roofs and renovating the barbeque areas. Interior renovations will include the addition of a computer lab. Individual apartment units will be updated with a new refrigerator, range, range hood, windows, water heater and swamp coolers, replacement of bathroom fixtures where needed, replacement of kitchen cabinets and counters (for 70 units) and replacement of all toilets with low-flow toilets. Lastly, common or site area renovations will consist of improving the path of travel throughout the project to comply with ADA regulations and repair/replacement of landscaping as needed. The rehabilitation is expected to begin in the first quarter of 2019 and be completed in last quarter of 2019.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
31% (56 units) restricted to 50% or less of area median income households.
69% (122 units) restricted to 60% or less of area median income households.
Unit Mix: Studio, 1, 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:	\$ 21,397,370	
Estimated Hard Costs per Unit:	\$ 23,000	(\$4,140,000) /180 units including mgr. units)
Estimated per Unit Cost:	\$ 118,874	(\$21,397,370 /180 units including mgr. units)
Allocation per Unit:	\$ 65,944	(\$11,870,000 /180 units including mgr. units)
Allocation per Restricted Rental Unit:	\$ 66,685	(\$11,870,000 /178 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 11,870,000	\$ 9,370,000
LIH Tax Credit Equity	\$ 4,643,832	\$ 5,727,100
Deferred Developer Fee	\$ 0	\$ 1,226,409
Deferred Costs	\$ 2,309,677	\$ 0
Seller Reserves	\$ 770,000	\$ 770,000
Seller Credit for STW	\$ 1,100,000	\$ 1,100,000
Operating Income	\$ 703,861	\$ 703,861
CalHFA Taxable Subordinate Loan	\$ 0	\$ 2,500,000
Total Sources	\$ 21,397,370	\$ 21,397,370

Uses of Funds:	
Land Cost/Acquisition	\$ 11,046,300
Rehabilitation	\$ 4,427,989
Relocation	\$ 25,000
Contractor Overhead & Profit	\$ 331,200
Architectural Fees	\$ 237,450
Construction Interest and Fees	\$ 1,023,738
Permanent Financing	\$ 131,285
Legal Fees	\$ 120,000
Reserves	\$ 935,445
Hard Cost Contingency	\$ 512,867
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 201,419
Developer Costs	\$ 2,404,677
Total Uses	\$ 21,397,370

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:

57.5 out of 140 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$11,870,000 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	10
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	0
Leveraging	10	10	0
Community Revitalization Area	5	5	0
Site Amenities	10	10	7.5
Service Amenities	10	10	5
New Construction or Substantial Renovation	10	10	0
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	N/A
Total Points	140	110	57.5