

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
March 18, 2015
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Richard Fischer

Applicant: California Statewide Communities Development Authority

Allocation Amount Requested:
Tax-exempt: \$4,300,000

Project Information:
Name: Amberwood Apartments I & II (Scattered Site)
Project Address: 10960 & 11280 Oakview Drive
Project City, County, Zip Code: Hanford, Kings, 93230

Project Sponsor Information:
Name: Hanford 2015 Community Partners, LP (Community Preservation Partners, LLC & STPH II, LLC)
Principals: Wilfred N. Cooper, Jr and Anand Kannan for Community Preservation Partners, LLC; Philip Randolph Hammond, Jr. for STPH II, LLC
Property Management Company: Tetra Property Management, Inc.

Project Financing Information:
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Private Placement Purchaser: Rabobank for Construction; Bonneville Mortgage for Perm.
TEFRA Adoption Date: February 3, 2015

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 85, plus 2 manager units
Type: Acquisition and Rehabilitation
Type of Units: Family/Federally Assisted At-Risk

Amberwood Apartments I and II consists of two adjacent acquisition/rehab sites totaling 85 rentable units for families and 2 non-revenue units. The Project consists of 15 residential buildings and 2 common area buildings, on 6.6 acres. The site has 2 offices, 3 laundry facilities, a maintenance shop and storage, 2 playgrounds, a picnic area and basketball court. Unit amenities will include refrigerator, oven/range, carpet and window treatments. Construction is anticipated to commence in May 2015 and be complete no later than February 28, 2016. All units will be LIHTC-restricted to households with income levels at or below the 50 to 60 percent AMI levels. The target population for the project will be families in most units, but there will be single individuals occupying some of the units (particularly the one-bedroom units). Amberwood I currently receives subsidy through a Rental Assistance Agreement with USDA Rural Development for 42 units. Amberwood II is currently under a Project-Based Section 8 Housing Assistance Payment (HAP) Contract issued by the U.S. Department of Housing and Urban Development (HUD), which provides rental subsidy for 39 units. The project maintains an extensive waiting list.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
20% (17 units) restricted to 50% or less of area median income households.
80% (68 units) restricted to 60% or less of area median income households.
Unit Mix: 1, 2 & 3 bedrooms

No service amenities.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost: \$ 7,554,689
Estimated Hard Costs per Unit: \$ 25,882 (\$2,200,000 /85 units)
Estimated per Unit Cost: \$ 88,879 (\$7,554,689 /85 units)
Allocation per Unit: \$ 50,588 (\$4,300,000 /85 units)
Allocation per Restricted Rental Unit: \$ 50,588 (\$4,300,000 /85 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 4,300,000	\$ 3,325,000
Developer Equity	\$ 474,404	\$ 25,011
LIH Tax Credit Equity	\$ 610,454	\$ 2,034,847
Direct & Indirect Public Funds	\$ 1,861,372	\$ 1,861,372
Other	\$ 308,459	\$ 308,459
Total Sources	\$ 7,554,689	\$ 7,554,689

Uses of Funds:	
Acquisition/Land Purchase	\$ 2,645,000
Hard Construction Costs	\$ 2,200,000
Architect & Engineering Fees	\$ 120,000
Contractor Overhead & Profit	\$ 176,000
Developer Fee	\$ 839,125
Relocation	\$ 10,000
Cost of Issuance	\$ 82,496
Capitalized Interest	\$ 141,750
Other Soft Costs (Marketing, etc.)	\$ 1,340,318
Total Uses	\$ 7,554,689

Description of Financial Structure and Bond Issuance:

This is a USDA 538 bond transaction with the bonds being issued by the California Statewide Communities Development Authority. Rabobank will be providing the construction financing and Bonneville Mortgage will be facilitating the USDA Permanent financing. The Construction Loan will bear interest at the greater of the one (1) month "London Interbank Offered Rate" (LIBOR) plus 2.50%; or a floor of 4.50%. Interest on the Construction Loan must be paid on the first day of each month, in arrears. As of the Conversion Date, the entire outstanding principal balance, any accrued interest and other amounts due to RNA under the Loan Documents will be due and payable. The Construction Loan will mature Eighteen (18) months following the date of recordation of the Deed of Trust. Permanent loan terms are \$ 3,325,000 at currently 5.25%. This includes 60 bps for forward rate spread. Negotiated rate based on market. USDA Guarantee Fee at 0.5% of outstanding principal balance paid annually. Effective Annual Rate is the Note Rate + USDA Guarantee Fee. Currently set at 5.75% . Permanent loan principal and interest monthly based on an annually declining balance payment schedule with an amortization term that is 40 years and a term of 40 years.

Analyst Comments:

Not Applicable

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: 59.77 out of 130

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$4,300,000 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
Federally Assisted At-Risk Project or HOPE VI Project	20	20	10
Exceeding Minimum Income Restrictions:	35	15	30
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Federally Assisted At-Risk Project or HOPE VI Project]	[10]	[10]	0
Gross Rents	5	5	5
Large Family Units	5	5	2.2675
Leveraging	10	10	10
Community Revitalization Area	15	15	0
Site Amenities	10	10	2.5
Service Amenities	10	10	0
New Construction	10	10	0
Sustainable Building Methods	10	10	0
Negative Points	-10	-10	0
Total Points	130	110	59.7675

The criteria for which points are awarded will also be incorporated into the Resolution transferring Allocation to the Applicant as well as the appropriate bond documents and loan and finance agreements.