

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
March 21, 2012
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Annie Ong

Applicant: California Municipal Finance Authority

Allocation Amount Requested:
Tax-exempt: \$10,100,000

Project Information:
Name: Vista Terrace Apartments
Project Address: 987 Postal Way
Project City, County, Zip Code: Vista, San Diego, 92083

Project Sponsor Information:
Name: To Be Determined (North County Solutions for Change, Inc. and Pacific Southwest Community Dev. Corp.)
Principals: North County Solutions for Change, Inc.: Chris Megison, Tammy Megison, and Jerry Watson
Pacific Southwest Community Dev. Corp: Robert W. Laing and Juan P. Arroyo
Property Management Company: North County Solutions for Change, Inc.

Project Financing Information:
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Private Placement Purchaser: JP Morgan Chase
TEFRA Hearing Date: January 24, 2012

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 46, plus 1 manager unit
Type: Acquisition and Rehabilitation
Type of Units: Family/Special Needs

The Vista Terrace Apartment will offer 100% affordable apartment units. This will consist of 47 units with 1 manager unit, 40 units at 50% AMI, and 6 units at 60% AMI. The target tenant population is homeless and disabled families. This is an acquisition/rehabilitation project and will include new kitchens, bathrooms, roofs, paint, and flooring. Site amenities include close proximity to public transit and groceries.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
87% (40 units) restricted to 50% or less of area median income households.
13% (6 units) restricted to 60% or less of area median income households.
Unit Mix: 2 & 3 bedrooms

Service amenities will not be offered.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost: \$ 12,274,330
Estimated Hard Costs per Unit: \$ 37,407 (\$1,720,731 /46 units)
Estimated per Unit Cost: \$ 266,833 (\$12,274,330 /46 units)
Allocation per Unit: \$ 219,565 (\$10,100,000 /46 units)
Allocation per Restricted Rental Unit: \$ 219,565 (\$10,100,000 /46 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 10,072,911	\$ 3,416,000
Deferred Developer Fee	\$ 0	\$ 416,535
LIH Tax Credit Equity	\$ 648,359	\$ 3,241,795
Direct & Indirect Public Funds	\$ 0	\$ 5,200,000
Total Sources	\$ 10,721,270	\$ 12,274,330

Uses of Funds:	
Acquisition	\$ 5,815,000
Rehabilitation Costs	\$ 2,203,345
Relocation	\$ 475,000
Architectural	\$ 56,000
Survey & Engineering	\$ 14,000
Contingency Costs	\$ 420,929
Construction Period Expenses	\$ 886,707
Permanent Financing Expenses	\$ 93,620
Legal Fees	\$ 257,500
Capitalized Reserves	\$ 635,900
Reports & Studies	\$ 31,000
Other	\$ 185,329
Developer Fee	\$ 1,200,000
Total Uses	\$ 12,274,330

Description of Financial Structure and Bond

The Project will be funded by tax-exempt bonds purchased by JPMorgan Chase Bank, N.A. The loan will be a combined construction or rehabilitation loan convertible upon satisfaction of certain terms and conditions to a permanent loan. The applicable interest rate for the construction loan shall be one-month LIBOR plus 3.00% multiplied by the bank's tax exempt factor (currently .72), adjusted monthly on a 360 day basis. Maturity is 18 months. The permanent loan interest rate shall be locked at construction loan closing. The rate, if the loan were to be funded today, would be approximately 5.00%. The maturity date for the loan will be 17 years from the date of recordation of the construction loan. The permanent loan term will be that portion of the 17 years remaining one permanent loan conversion occurs, not to exceed 15 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: 60 out of 130

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$10,100,000 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	0
Exceeding Minimum Income Restrictions:	35	15	35
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Federally Assisted At-Risk Project or HOPE VI Project]	[10]	[10]	10
Gross Rents	5	5	0
Large Family Units	5	5	0
Leveraging	10	10	10
Community Revitalization Area	15	15	0
Site Amenities	10	10	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	60

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.