

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
March 19, 2014
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Richard Fischer

Applicant: California Municipal Finance Authority

Allocation Amount Requested:
Tax-exempt: \$12,170,445

Project Information:
Name: Renaissance Village Apartments
Project Address: 220 N. Glenwood Avenue
Project City, County, Zip Code: Rialto, San Bernardino, 92376

Project Sponsor Information:
Name: Renaissance Village Housing L.P. (Southern California Housing Development Corporation of the Inland Empire)
Principals: Steve PonTell, Tracy Thomas, Philip Nelson Lee and George Searcy for Southern California Housing Development Corporation of the Inland Empire
Property Management Company: National Community Renaissance of California

Project Financing Information:
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Private Placement Purchaser: JP Morgan Chase Bank, NA
TEFRA Adoption Date: July 9, 2013

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 143, plus 1 manager unit
Type: Acquisition and Rehabilitation
Type of Units: Family

Renaissance Village is a 144 unit project comprised of 37 adjoining parcels, located in the City of Rialto. The development is arranged in one-and two-story clusters of 4 units along a private gated central street, with covered parking in the rear of the units. The units mix is comprises of eighteen one bedroom units, thirty-five two-bedroom units, ninety three-bedroom units and one unit has four bedrooms. Interior and exterior unit repair and replacement will be done as needed per unit for upgrades and code requirements.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
10% (15 units) restricted to 50% or less of area median income households.
90% (128 units) restricted to 60% or less of area median income households.
Unit Mix: 1, 2 & 3 bedrooms

After school programs of an on-going nature (tutoring, mentoring, homework club, and art and recreation activities), to be provided weekdays throughout the school year for at least 10 hours per week.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$ 24,208,264	
Estimated Hard Costs per Unit:	\$ 43,819	(\$6,266,062 /143 units)
Estimated per Unit Cost:	\$ 169,289	(\$24,208,264 /143 units)
Allocation per Unit:	\$ 85,108	(\$12,170,445 /143 units)
Allocation per Restricted Rental Unit:	\$ 85,108	(\$12,170,445 /143 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 12,170,445	\$ 5,818,691
LIH Tax Credit Equity	\$ 384,069	\$ 7,681,384
Direct & Indirect Public Funds	\$ 2,732,286	\$ 2,732,286
Other (Developer Loans)	\$ 6,380,800	\$ 7,975,903
Total Sources	\$ 21,667,600	\$ 24,208,264

Uses of Funds:	
Acquisition/Land Purchase	\$ 11,900,000
On & Off Site Costs	\$ 805,364
Hard Construction Costs	\$ 5,460,698
Architect & Engineering Fees	\$ 345,000
Contractor Overhead & Profit	\$ 370,460
Developer Fee	\$ 2,450,000
Relocation	\$ 755,000
Cost of Issuance	\$ 128,410
Capitalized Interest	\$ 900,386
Other Soft Costs (Marketing, etc.)	\$ 1,092,946
Total Uses	\$ 24,208,264

Description of Financial Structure and Bond Issuance:

This transaction is a JP Morgan Chase Bank private placement transaction with the bonds being issued by California Municipal Finance Authority. The Construction loan terms are a 24 month maturity with one-month LIBOR plus 1.62% rate adjusted monthly on a 360 day basis. Permanent loan terms are a 10-year interest rate swap plus 2.65%. Presently the indicative all-in-rate would be 5.62%, based on a 30 year amortization commencing upon the conversion to a Permanent loan. Maturity date will be 20.5 years from the date of recordation of the Construction loan. The Permanent loan term will be that portion of 18 years remaining once the permanent loan conversion occurs, not to exceed 18 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: 57.5 out of 130
[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$12,170,445 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	25
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	5
Leveraging	10	10	0
Community Revitalization Area	15	15	0
Site Amenities	10	10	7.5
Service Amenities	10	10	10
New Construction	10	10	0
Sustainable Building Methods	10	10	5
Negative Points	-10	-10	0
Total Points	130	100	57.5

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.