

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
July 16, 2014
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Leslie J. Campaz

Applicant: Housing Authority of the County of Santa Barbara

Allocation Amount Requested:
Tax-exempt: \$7,000,000

Project Information:
Name: Sandpiper Apartments
Project Address: 370-390 Mathilda Drive & 355-375 Ellwood Beach Drive
Project City, County, Zip Code: Goleta, Santa Barbara, 93117

Project Sponsor Information:
Name: Leland Grossman Sandpiper, L.P. (Housing Authority of the County of Santa Barbara, Surf Development, and RBC)
Principals: Frederick C. Lamont and Robert P. Havlicek for Housing Authority of the County of Santa Barbara; Alfred Holzheu, Joyce Howerton, Frederick C. Lamont and Robert P. Havlicek for Surf Development Company
Property Management Company: Housing Authority of the County of Santa Barbara

Project Financing Information:
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Private Placement Purchaser: US Bank/ California Community Reinvestment Corporation
TEFRA Adopted Date: January 14, 2014

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 67, plus 1 manager unit
Type: Acquisition and Rehabilitation
Type of Units: Family

The proposed acquisition and rehabilitation project is an existing 68-unit low income family rental housing project located in the City of Goleta. The project targets large families earning up to 60% of the area median income. The unit mix consist of 45 studio units approximately 360 square feet and 23 one-bedroom units approximately 450 square feet. The development is located close to local beaches and public transportation within a residential neighborhood. All shopping, education, medical, employment and recreational amenities are located within a moderate distance of the property. Units are presented with a patio or balcony, carpeting/ ceramic tile, blinds throughout, hard surface counters, new cabinets, and storage closets (on select units). Kitchen appliances include a refrigerator and stove. There is an on-site manager, laundry room and surface and carport parking.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
10% (7 units) restricted to 50% or less of area median income households.
90% (60 units) restricted to 60% or less of area median income households.
Unit Mix: Studio & 1 bedroom

There are no service amenities.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost: \$ 10,627,148
Estimated Hard Costs per Unit: \$ 33,428 (\$2,574,000 /67 units)
Estimated per Unit Cost: \$ 158,614 (\$10,627,148 /67 units)
Allocation per Unit: \$ 104,478 (\$7,000,000 /67 units)
Allocation per Restricted Rental Unit: \$ 104,478 (\$7,000,000 /67 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 5,802,716	\$ 3,620,000
Developer Equity	\$ 293,169	\$ 293,169
Direct and Indirect Public Funds	\$ 4,099,458	\$ 4,099,458
Existing Reserves	\$ 281,000	\$ 281,000
Costs Deferred Until Perm Loan Conversion	\$ 303,411	\$ 0
LIH Tax Credit Equity	\$ 664,307	\$ 3,887,686
Deferred Developer Fee	\$ 1,474,501	\$ 737,249
Total Sources	\$ 12,918,562	\$ 12,918,562

Uses of Funds:	
Acquisition/Land Purchase	\$ 8,341,000
Hard Construction Costs	\$ 1,509,916
Architect & Engineering Fees	\$ 45,000
Contractor Overhead & Profit	\$ 189,756
Developer Fee	\$ 1,474,501
Relocation	\$ 385,000
Cost of Issuance	\$ 50,000
Capitalized Interest	\$ 140,000
Other Soft Costs (Marketing, etc.)	\$ 783,389
Total Uses	\$ 12,918,562

Description of Financial Structure and Bond Issuance:

The proposed project will be a private placement financial structure provided by both U.S. Bank National Association for the tax-exempt construction and California Community Reinvestment Corporation for the permanent financing. The construction period will be for a term of 24 months from closing. The Interest shall accrue on the outstanding principal balance of the Loan at an annual rate equal to 2.25% plus the one-month LIBOR rate quoted by US bank, plus the term issuance premium, and adjusted for any reserve requirement and any subsequent costs arising from a change in government regulation, the rate shall be reset monthly on the first day of each month. The permanent loan will carry a fixed interest rate for at least a 15-year period with an amortization period of 30 years and a term of 15 years. The underwritten interest rate on the tax-exempt bonds is 5.85%. The bonds will be issued by the Housing Authority of the County of Santa Barbara.

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 \$7,000,000 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	25
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	5
Large Family Units	5	5	0
Leveraging	10	10	10
Community Revitalization Area	15	15	0
Site Amenities	10	10	7.5
Service Amenities	10	10	0
New Construction	10	10	0
Sustainable Building Methods	10	10	0
Negative Points	-10	-10	0
Total Points	130	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.