

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
May 20, 2015
Staff Report
**REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT**

Prepared by: Devon King

Applicant: Housing Authority of the County of San Bernardino

Allocation Amount Requested:
Tax-exempt: \$8,200,000

Project Information:
Name: Horizons at Yucaipa Apartments
Project Address: 12279 3rd Street
Project City, County, Zip Code: Yucaipa, San Bernardino, 92339

Project Sponsor Information:
Name: UHC 00539 Yucaipa, L.P. (Housing Partners I Incorporated)
Principals: Lee McDougal, Daniel J. Nackerman, John C. McGrath, Fred Shorett, Kathryn McCool for Housing Partners I Incorporated
Property Management Company: Hyder Property Management Professionals

Project Financing Information:
Bond Counsel: Ballard Spahr Andrews & Ingersoll, LLP
Bond Underwriter:
Private Placement Purchaser: JPMorgan Chase Bank, NA
TEFRA Adoption Date: April 13, 2015

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 49, plus 1 manager unit
Type: New Construction
Type of Units: Senior Citizens

Horizons at Yucaipa is a new construction project that will provide 50 rental units (49 low income affordable housing units and one two-bedroom management unit) for seniors age 55+. Situated on approximately 4.55 acres of a 4.92 acres, the site is flat and there are no existing structures or outbuildings. The project will consist of a single, two-story, garden style building with connecting, second story corridors that will provide 38 one-bedroom apartments, 12 two-bedroom apartments, and a community center. There will be two elevators which provide for second-floor access. All 50 units and the site will be ADA compliant. The project has a community room with a full kitchen, computer lab, on-site leasing/manager office, and media room. There will be an outdoor barbeque/picnic area and swimming pool and spa. A laundry room will be located on each floor. Each laundry room will contain 4 washers and 4 dryers, for a total of 8 washers and 8 dryers. Apartment amenities include a covered patio/balcony, dishwasher, refrigerator, range, garbage disposal, ceiling fan, and are wired for cable television. All appliances will be Energy Star rated. The project will also include solar power to provide electricity to the community room, common areas, and all units. Construction is expected to begin in June 2015 and be completed in June 2016

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%

86% (42 units) restricted to 50% or less of area median income households.

14% (7 units) restricted to 60% or less of area median income households.

Unit Mix: 1 & 2 bedrooms

There will be no site amenities for the proposed project

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$ 15,765,982	
Estimated Hard Costs per Unit:	\$ 170,517	(\$8,355,317 /49 units)
Estimated per Unit Cost:	\$ 321,755	(\$15,765,982 /49 units)
Allocation per Unit:	\$ 167,347	(\$8,200,000 /49 units)
Allocation per Restricted Rental Unit:	\$ 167,347	(\$8,200,000 /49 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 8,200,000	\$ 2,770,000
Deferred Developer Fee	\$ 868,587	\$ 367,012
LIH Tax Credit Equity	\$ 579,865	\$ 5,783,821
Direct & Indirect Public Funds	\$ 5,394,650	\$ 6,122,269
Other(General Partner Loan)	\$ 722,250	\$ 722,250
Total Sources	\$ 15,765,352	\$ 15,765,352

Uses of Funds:	
Acquisition/Land Purchase	\$ 1,040,000
On & Off Site Costs	\$ 1,620,051
Hard Construction Costs	\$ 6,735,266
Architect & Engineering Fees	\$ 679,000
Contractor Overhead & Profit	\$ 534,000
Developer Fee	\$ 1,250,000
Cost of Issuance	\$ 174,000
Capitalized Interest	\$ 132,189
Other Soft Costs(Marketing Etc.)	\$ 1,260,147
Other Soft Costs	\$ 1,017,986
Other Soft Costs (Developer Impact Fees)	\$ 1,322,713
Total Uses	\$ 15,765,352

Description of Financial Structure and Bond Issuance:

The proposed financing structure is a private placement loan provided by JPMorgan Chase Bank, NA. The construction phase loan will be extended for a 24-month loan term with interest rate is the LIBOR + 150 bps with interest only monthly payments. The loan may be extended for a one time six month extension. The permanent loan shall have a term of 18 years over a 30 year amortization period with an interest rate equal to the 10 year interest rate swap+3.12%. The rate will be fixed at closing.

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: 75 out of 130

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$8,200,000 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	5
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	10
Sustainable Building Methods	10	10	0
Negative Points	-10	-10	0
Total Points	130	100	75

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.