

**THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**  
**October 19, 2016**  
**Staff Report**  
**REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A**  
**QUALIFIED RESIDENTIAL RENTAL PROJECT**

*Prepared by: Louise Eller*

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**Applicant:** Housing Authority of the City of San Luis Obispo

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**Allocation Amount Requested:**  
**Tax-exempt:** \$5,600,000

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**Project Information:**  
**Name:** SLO 55 Apartments (Scattered Site)  
**Project Address:** 1102, 1108, 1116 and 1120 Ironbark Street; 1105 Laurel and  
1092 Orcutt Road; 1363 Pismo Street  
**Project City, County, Zip Code:** San Luis Obispo, San Luis Obispo, 93401

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**Project Sponsor Information:**  
**Name:** SLO 55, L.P. (SLO Non-Profit Housing Corporation)  
**Principals:** Anthony R. Chubon and Scott Smith for SLO Non-Profit  
Housing Corporation  
**Property Management Company:** Housing Authority of San Luis Obispo

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**Project Financing Information:**  
**Bond Counsel:** Quint & Thimmig LLP  
**Private Placement Purchaser:** Citibank, N.A.  
**Public Sale:** Not Applicable  
**Underwriter:** Not Applicable  
**TEFRA Noticing Date:** April 2, 2016  
**TEFRA Adoption Date:** April 19, 2016

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**Description of Proposed Project:**  
**State Ceiling Pool:** General  
**Total Number of Units:** 52, plus 3 restricted manager units  
**Type:** Acquisition and Rehabilitation  
**Type of Units:** Family

SLO 55 Apartments is an existing scattered site project located in San Luis Obispo. SLO 55 consists of three sites located on a total of 20.65 acres. The scope of the rehabilitation will include addressing health and safety issues, ADA, deferred maintenance and energy efficiency when possible. The rehabilitation will include significant exterior upgrades, window replacement, stucco work, building envelope and HVA work. All bathrooms will be fully turned, kitchen countertops and cabinetry will be addressed as needed, improved fencing, landscaping improvements, asphalt, deferred maintenance items and replacing and upgrading building systems as necessary. The rehabilitation is expected to start October 2016 and complete September 2017.

**Description of Public Benefits:**

**Percent of Restricted Rental Units in the Project:** 100%  
63% (33 units) restricted to 50% or less of area median income households.  
42% (22 units) restricted to 60% or less of area median income households.  
**Unit Mix:** 1, 2, 3 & 4 bedrooms

The proposed project will not be providing service amenities.

**Term of Restrictions:**

**Income and Rent Restrictions:** 55 years

**Details of Project Financing:**

<b>Estimated Total Development Cost:</b>	\$	11,352,373	
<b>Estimated Hard Costs per Unit:</b>	\$	30,585	(\$1,590,438 /52 units)
<b>Estimated per Unit Cost:</b>	\$	206,407	(\$11,352,373 /55 units including mgr. units)
<b>Allocation per Unit:</b>	\$	107,692	(\$5,600,000 /52 units)
<b>Allocation per Restricted Rental Unit:</b>	\$	101,818	(\$5,600,000 /55 restricted units)

<b>Sources of Funds:</b>	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 5,600,000	\$ 3,390,000
LIH Tax Credit Equity	\$ 973,427	\$ 3,881,093
Deferred Developer Equity	\$ 879,065	\$ 0
Deferred Developer Fee	\$ 0	\$ 168,783
Seller Carryback Loan	\$ 3,705,912	\$ 3,705,912
Net Income From Operations/Capitalized Interest	\$ 193,969	\$ 206,585
<b>Total Sources</b>	<b>\$ 11,352,373</b>	<b>\$ 11,352,373</b>

<b>Uses of Funds:</b>	
Land Cost/Acquisition	\$ 6,800,000
Rehabilitation	\$ 1,759,023
Relocation	\$ 110,000
Contractor Overhead	\$ 95,426
Architectural Fees	\$ 100,000
Survey and Engineering	\$ 25,000
Construction Interest and Fees	\$ 438,024
Permanent Financing	\$ 20,000
Legal Fees	\$ 185,000
Reserves	\$ 120,000
Appraisal	\$ 15,000
Contingency Cost	\$ 185,445
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 190,059
Developer Costs	\$ 1,309,396
<b>Total Uses</b>	<b>\$ 11,352,373</b>

**Analyst Comments:**

None

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**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.

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**Total Points:**

51.8 out of 140

[See Attachment A]

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**Recommendation:**

Staff recommends that the Committee approves \$5,600,000 in tax exempt bond allocation on a carryforward basis.

**ATTACHMENT A**

**EVALUATION SCORING:**

Point Criteria	Maximum Points Allowed for Non-Mixed Income Projects	Maximum Points Allowed for Mixed Income Projects	Points Scored
Preservation Project	20	20	10
Exceeding Minimum Income Restrictions:	35	15	35
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	0
Gross Rents	5	5	5
Large Family Units	5	5	1.8
Leveraging	10	10	0
Community Revitalization Area	5	5	0
Site Amenities	10	10	0
Service Amenities	10	10	0
New Construction or Substantial Renovation	10	10	0
Sustainable Building Methods	10	10	0
Forgone Eligible Developer Fee (Competitive Allocation Process Only)	10	10	0
Minimum Term of Restrictions (Competitive Allocation Process Only)	10	10	0
Negative Points (No Maximum)	-10	-10	0
<b>Total Points</b>	<b>140</b>	<b>110</b>	<b>51.8</b>

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.