



Maria Razo, Executive Director

BOARD OF GOVERNORS Meeting of August 6, 2019

Arrowhead Grove Phase II Project
Adopting Resolutions for:

- Issuance of Bonds
- Financial Closing Documents
- Authorizing Actions of HACSB Business Entity

- Proposed new construction of 184 units
 - 147 Affordable Units
 - 35 Market Rate Units
 - 2 Manager's Units
- 17 Two and Three-Story Buildings
- 28-1 BR, 102- 2 BR, 42- 3 BR, 10- 4 BR, 2- 5 BR
- Sizes range from 542 sf (1 br) to 1628 sf (5 br)
- Includes Community Center w/ pool, tot lots, barbeque areas, bicycle storage

Arrowhead Grove Phase II – Development Summary

Page 3

- Phase 1 – Valencia Vista (75 affordable units on an adjacent site)



Arrowhead Grove Phase II – Development Summary

Page 4

- Phase 1a – Olive Meadow (62 affordable units – first phase on Waterman Gardens site)



Arrowhead Grove Phase II – Development Summary

- Project Location



Arrowhead Grove Phase II – Development Summary



- Development Team
 - National CORE (Managing General Partner- 57%)
 - HACSB/HPI (Class A Limited Partner- 33%)
 - Clancy Company (Co-Class A Limited Partner- 10%)
- Same team that developed first 2 phases
- June 28, 2018 – Project awarded \$20 million Affordable Housing & Sustainable Communities (AHSC) funds from state of California
- AHSC funding is required to be leveraged with 4% tax credits and tax-exempt bonds

- \$55 million in proceeds from the sale of bonds will completely fund the construction
- Tax credit & bond allocation received December 12, 2018
- Deadline to issue bonds is September 9, 2019
- \$35 million in bonds held by Bank of America will be redeemed upon construction completion and occupancy (replaced with AHSC funds and 4% tax credit equity)
- \$20 million in bonds will be placed with Chase Bank after construction as a permanent, long-term loan

Arrowhead Grove Phase II – Development Summary

Estimated Construction Financing Sources & Uses

SOURCES: CONSTRUCTION	AMOUNT	USES: CONSTRUCTION	AMOUNT
Bonds backed by Chase loan*	\$19,909,000	Acquisition Costs/Closing	\$ 970,000
Bonds backed by AHSC/Equity*	\$35,091,000	Architecture Fees and Permits	\$ 7,059,901
4% Tax Credit Equity	\$ 5,003,607	Construction Cost	\$53,295,617
City of San Bernardino	\$ 2,330,000	Indirect Construction/Legal	\$ 1,578,808
County of San Bernardino	\$ 2,900,000	Developer's Fee	\$ 3,000,000
HACSB Development Loan	\$ 3,412,000	Rent-Up Costs/Reserves	\$ 1,867,309
HACSB Land Lease Loan	\$ 970,000	Financing Costs	\$ 5,390,115
Dignity Health Loan	\$ 1,200,000	Deferred Dev. Fee Contribution	\$ 6,400,000
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Deferred Costs during const.	\$ 2,346,142		
Total	\$79,561,750	Total	\$79,561,750

*These Bonds are privately placed with Bank of America during construction
Estimated Total Development Cost Per Unit (for 184 units) = \$432,400

Local Collaboration

- HACSB contribution:
 - \$3,412,000 (Federal and local unrestricted funds)
 - Land at current appraised value of \$970,000
- County of San Bernardino
 - \$2,900,000 in HOME funds
- City of San Bernardino
 - \$2,330,000 in HOME and NSP funds
- Dignity Health (Operator of St. Bernadine's and Community Hospital of S.B.)
 - \$1,200,000 to support development of market rate units

Affordability of 116 HACSB subsidized units

UNIT TYPE	% AMI	# OF UNITS	PROPOSED LIHTC RENTS*	HACSB RENT SUBSIDY**	TOTAL RENT
1BR/1BA	30%	5	\$382	\$608	\$990
	50%	5	\$651	\$339	\$990
	60%	6	\$786	\$204	\$990
2BR/1BA	30%	17	\$447	\$790	\$1,237
	50%	17	\$770	\$467	\$1,237
	60%	30	\$932	\$305	\$1,237
3BR/1BA	30%	7	\$508	\$1,215	\$1,723
	50%	7	\$881	\$842	\$1,723
	60%	10	\$1,068	\$655	\$1,723
4BR/2BA	30%	1	\$560	\$1,580	\$2,140
	50%	2	\$977	\$1,163	\$2,140
	60%	7	\$1,185	\$955	\$2,140
5 BR/2BA	30%	2	\$614	\$1,847	\$2,461
*Rents are net of Utility Allowance: 1BR - \$22, 2BR - \$37, 3BR - \$52, 4BR - \$64, 5BR - \$75 ** Subsidy for 116 units converted from public housing to Project-Based Vouchers Balance of units include 31 tax credit (affordable) units, 35 Market-rate units & 2 Manager's units for total of 184 units.					

Timeline

Milestones	Dates
Housing Authority Bond Inducement	August 12, 2018
Application for Bonds and 4% Tax Credits	October 12, 2018
Received State Allocation of 4% Tax Credits and Tax-exempt Bonds	December 12, 2018
Issue Bonds and Close Financing	September 9, 2019
Start of Construction	October, 2019
Completion of Construction and Occupancy	October, 2021

Recommendations

That the Board of Governors of HACSB:

1. Adopt a Resolution authorizing issuance of \$55 million in Multifamily Housing Revenue Bonds by HACSB for the Arrowhead Grove Phase II Project
2. Adopt a Resolution authorizing certain acts and approving certain agreements (loan, lease, etc.) relating to the Arrowhead Grove Phase II Project
3. Adopt a Resolution authorizing certain acts of the HACSB-controlled business entity representing HACSB's ownership interest in the Arrowhead Grove Phase II Project



Questions & Comments