



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

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





# Arrowhead Grove Phase II – Development Summary

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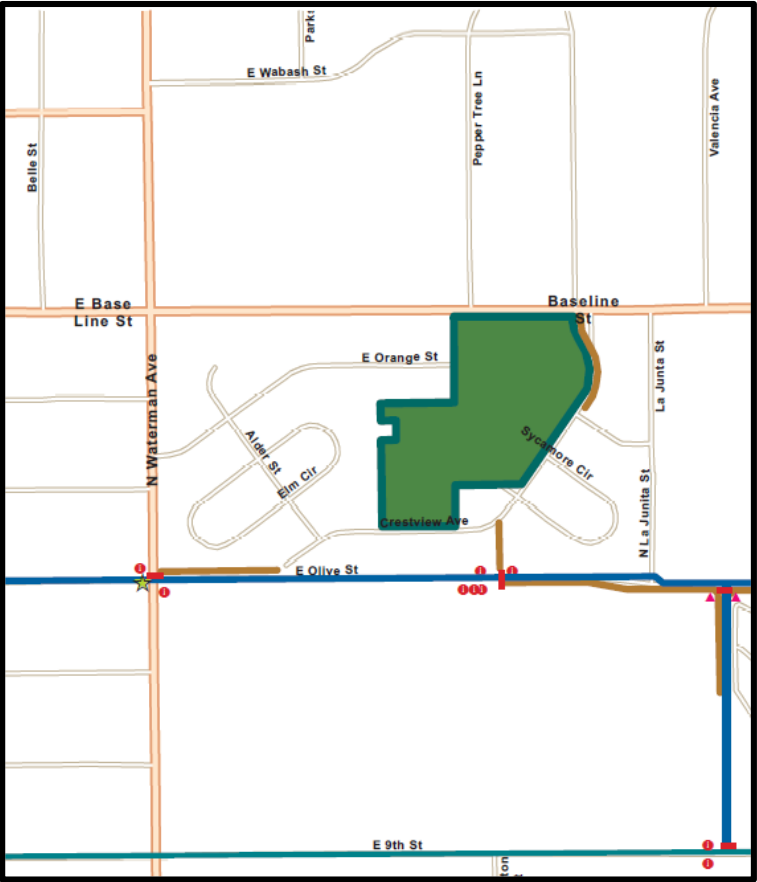
- Phase 1a – Olive Meadow (62 affordable units – first phase on Waterman Gardens site)





# 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
Deferred Dev. Fee Contribution	\$ 6,400,000		
Deferred Costs during const.	\$ 2,346,142		
<b>Total</b>	<b>\$79,561,750</b>	<b>Total</b>	<b>\$79,561,750</b>

\*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