

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
May 16, 2012
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Crystal Alvarez

Applicant: Contra Costa County

Allocation Amount Requested:
Tax-exempt: \$12,777,000

Project Information:
Name: Lafayette Senior Housing Apartments
Project Address: 3428 Mt. Diablo Boulevard
Project City, County, Zip Code: Lafayette, Contra Costa, 94549

Project Sponsor Information:
Name: Lafayette Senior, LP (Lafayette Senior, LLC and Eden Housing, Inc.)
Principals: John Gaffney, Jesus Armas, Pauline Weaver, Kathleen Hamm, Linda Mondolini for both entities.
Property Management Company: Eden Housing Management, Inc.

Project Financing Information:
Bond Counsel: Quint & Thimmig LLP
Private Placement Purchaser: Bank of America, N.A.
TEFRA Hearing Date: March 13, 2012

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 45, plus 1 manager unit
Type: New Construction
Type of Units: Senior Citizens

The Lafayette Senior Housing Apartments is a proposed 46 unit development in downtown Lafayette on 0.8 acres. The Project will include one building with a two story element along Mt. Diablo Boulevard that will step up to a three story building. The building will be a single wood-framed structure with a wrap around porch for residents. The main lobby will provide access to apartments with a three stop elevator and staircases on both ends of the building. A computer lab/library and foot exercise room will be located on the 1st floor for residential use. The 2nd and 3rd floors will include common recreation space such as foot sun rooms and a raised planters for resident gardening. The project design concept includes the utilization of higher density development on infill sites, good solar orientation, access to public transportation, water conservation and energy conservation. All 45 rental units will include one-bedroom, a kitchen, a living area and full bathroom averaging approximately 580 square feet, five percent of units will meet ADA accessibility needs.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
69% (31 units) restricted to 50% or less of area median income households.
31% (14 units) restricted to 60% or less of area median income households.
Unit Mix: 1 bedroom

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost: \$ 22,386,464
Estimated Hard Costs per Unit: \$ 226,451 (\$10,190,283 /45 units)
Estimated per Unit Cost: \$ 497,477 (\$22,386,464 /45 units)
Allocation per Unit: \$ 283,933 (\$12,777,000 /45 units)
Allocation per Restricted Rental Unit: \$ 283,933 (\$12,777,000 /45 restricted units)

The Project has total project costs that appear high for the geographic area in which it is located. According to the Project sponsor, the high cost is due to cost of land in downtown, podium parking garage, site topography and it's adjacent uses.

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 12,777,000	\$ 2,439,000
Developer Equity	\$ 0	\$ 908,544
LIH Tax Credit Equity	\$ 852,044	\$ 8,158,899
Direct & Indirect Public Funds	\$ 6,950,000	\$ 10,430,564
Other	\$ 1,807,419	\$ 449,456
Total Sources	\$ 22,386,463	\$ 22,386,463
Uses of Funds:		
Land Purchase	\$ 3,631,315	
On & Off Site Costs	\$ 1,314,179	
Hard Construction Costs	\$ 8,876,104	
Architect & Engineering Fees	\$ 1,048,150	
Contractor Overhead & Profit	\$ 1,214,239	
Developer Fee	\$ 2,200,000	
Cost of Issuance	\$ 351,786	
Capitalized Interest	\$ 555,037	
Other Soft Costs (Marketing, etc.)	\$ 3,195,654	
Total Uses	\$ 22,386,464	

Description of Financial Structure and Bond Issuance:

The Project will be financed with tax-exempt bonds, a City residual receipt loan, HOME funds, CDBG Program Funds and Tax Credit Equity. The tax-exempt bonds will be privately placed with Bank of America, N.A. for construction and permanent loan financing. During the term of the construction loan the debt service on the bonds will be interest-only (currently being underwritten at a fluctuating rate of interest equal to BBA LIBOR Daily Floating Rate plus 1.85% per annum). The permanent loan will have a fixed rate currently underwritten as 4.70% and amortized over 30 years.

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 120

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$12,777,000 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	0
Large Family Units	5	5	0
Leveraging	10	10	10
Community Revitalization Area	15	15	0
Site Amenities	10	10	10
Service Amenities	10	10	0
New Construction	10	10	10
Sustainable Building Methods	10	10	0
Negative Points	-10	-10	0
Total Points	120	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.