

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
July 17, 2013
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Richard Fischer

Applicant: California Statewide Communities Development Authority

Allocation Amount Requested:
Tax-exempt: \$38,600,000

Project Information:
Name: Anton Hacienda Apartments
Project Address: 5729 West Las Positas Boulevard
Project City, County, Zip Code: Pleasanton, Alameda, 94588

Project Sponsor Information:
Name: Hacienda Pleasanton, L.P. (PH La Moraga Holdings, LLC and Anton Hacienda, LLC)
Principals: Mark A. Weise for PH La Moraga Holdings, LLC and Steven L. Eggert and Peter Geremia for Anton Hacienda, LLC
Property Management Company: St. Anton Management

Project Financing Information:
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Private Placement Purchaser: Citibank, N.A.
TEFRA Hearing Date: May 21, 2013

Description of Proposed Project:
State Ceiling Pool: Mixed Income
Total Number of Units: 166, plus 2 manager units
Type: New Construction
Type of Units: Family

Anton Hacienda Apartments is a 168-unit multi-family housing community designed to accommodate individuals and families. It is situated on a 5.6 acre parcel and will consist of 64 one-bedroom, 88 two-bedrooms and 16 three bedroom apartments. Twenty percent of the 168 units, 34 will be restricted to households earning at or below 50% of the area median income. Each unit is provided with a washer and dryer at no additional cost, and has a private patio or balcony with bulk storage closet. Master suites feature walk-in closets, dual sink vanities, and large soaking tubs. Kitchens will feature gas ranges, dishwashers, garbage disposals, built in microwaves and refrigerators with icemakers. The project features a clubhouse, large outdoor swimming pool, children's play area, picnic amenities, community vegetable garden and pocket park with a large open lawn.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 20%
20% (34 units) restricted to 50% or less of area median income households.
Unit Mix: 1, 2 & 3 bedrooms

Project Sponsor will provide instructor-led educational, health and wellness or skill building classes.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

| | | |
|---|----|---|
| Estimated Total Development Cost: | \$ | 46,373,629 |
| Estimated Hard Costs per Unit: | \$ | 126,351 (\$20,974,224 /166 units) |
| Estimated per Unit Cost: | \$ | 279,359 (\$46,373,629 /166 units) |
| Allocation per Unit: | \$ | 232,530 (\$38,600,000 /166 units) |
| Allocation per Restricted Rental Unit: | \$ | 1,135,294 (\$38,600,000 /34 restricted units) |

| Sources of Funds: | Construction | Permanent |
|---|----------------------|----------------------|
| Tax-Exempt Bond Proceeds | \$ 38,600,000 | \$ 38,600,000 |
| Developer Equity | \$ 3,018,288 | \$ 795,849 |
| Deferred Developer Fee | \$ 0 | \$ 1,900,000 |
| LIH Tax Credit Equity | \$ 2,282,430 | \$ 2,282,430 |
| Other (NOI , including during lease-up) | \$ 572,911 | \$ 2,795,350 |
| Total Sources | \$ 44,473,629 | \$ 46,373,629 |

| Uses of Funds: | |
|------------------------------------|----------------------|
| Acquisition/Land Purchase | \$ 7,950,000 |
| On & Off Site Costs | \$ 3,229,477 |
| Hard Construction Costs | \$ 17,744,747 |
| Architect & Engineering Fees | \$ 869,370 |
| Contractor Overhead & Profit | \$ 972,911 |
| Developer Fee | \$ 2,500,000 |
| Cost of Issuance | \$ 104,987 |
| Capitalized Interest | \$ 2,779,221 |
| Other Soft Costs (Marketing, etc.) | \$ 10,222,916 |
| Total Uses | \$ 46,373,629 |

Description of Financial Structure and Bond Issuance:

This transaction will be a Citibank, N.A. private placement. There are two phases of financing. During the construction phase the term is 30 months with one 6 month extension. The interest rate during this phase is a variable rate equal to SIFMA plus a spread of 2.50%. Currently the all-in rate is 2.68% including the 5bps servicing fee. During the permanent phase, the term is 30 years with a 35 year amortization period. The rate is fixed and equal to the sum of 2025 year maturity "AAA" bond rates as published by Thompson Municipal Market Monitor ("MMD") plus a spread of 2.55%. Currently, MMD is 1.97% for a current indicated rate of 4.52%. This includes a 5bps servicing fee.

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: 51.1 out of 100

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$38,600,000 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 | 6.1 |
| 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 | 0 |
| Community Revitalization Area | 15 | 15 | 0 |
| Site Amenities | 10 | 10 | 5 |
| Service Amenities | 10 | 10 | 5 |
| New Construction | 10 | 10 | 10 |
| Sustainable Building Methods | 10 | 10 | 10 |
| Negative Points | -10 | -10 | 0 |
| Total Points | 130 | 100 | 51.1 |

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.