

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
September 17, 2014
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Sarah Lester

Applicant: California Municipal Finance Authority

Allocation Amount Requested:
Tax-exempt: \$4,000,000

Project Information:
Name: Maple Park Phase 2 Apartments
Project Address: 9915 Maple Park
Project City, County, Zip Code: Live Oak, Sutter, 95953

Project Sponsor Information:
Name: To be formed, LP (CHIP) (Community Housing Improvement Program, Inc. & Regional Housing Authority of Sutter and Nevada Counties)
Principals: Joe Feist, Lori Hoffman, Jan Camozzi, Ed Mayer and David Ferrier for CHIP; and Linda Nichols and Gail Allen for Regional Housing Authority of Sutter and Nevada Counties
Property Management Company: Community Housing Improvement Program, Inc. (CHIP)

Project Financing Information:
Bond Counsel: Jones Hall, A Professional Law Corporation
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Private Placement Purchaser: Wells Fargo Bank, N.A.
TEFRA Adopted Date: June 18, 2014

Description of Proposed Project:
State Ceiling Pool: Rural
Total Number of Units: 34, plus 1 manager unit
Type: New Construction
Type of Units: Senior Citizens

The proposed project will be a new construction 35-unit senior project located in the City of Live Oak, County of Sutter. It will be built on a 0.45 acre parcel. The complex includes one (1) three-story elevator serviced building with a wood framed construction. There will be 32 one-bedroom units and three (3) two-bedroom units (one designated for the on-site manager). The target population will be seniors 55 years or older. Thirty-four (34) of the units will be restricted to households with incomes no greater than 60% of the Sutter County area median income. Construction is estimated to begin in January 2015 and completed by January 2016.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%

74% (25 units) restricted to 50% or less of area median income households.

26% (9 units) restricted to 60% or less of area median income households.

Unit Mix: 1 & 2 bedrooms

There will be no services amenities provided for the proposed project.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$	8,613,247	
Estimated Hard Costs per Unit:	\$	147,671	(\$5,020,820 /34 units)
Estimated per Unit Cost:	\$	253,331	(\$8,613,247 /34 units)
Allocation per Unit:	\$	117,647	(\$4,000,000 /34 units)
Allocation per Restricted Rental Unit:	\$	117,647	(\$4,000,000 /34 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 4,000,000	\$ 264,000
LIH Tax Credit Equity	\$ 204,286	\$ 3,032,860
Direct & Indirect Public Funds	\$ 3,718,832	\$ 5,316,387
Other (Costs Deferred until Perm Closing)	\$ 690,129	\$ 0
Total Sources	\$ 8,613,247	\$ 8,613,247

Uses of Funds:	
Acquisition/Land Purchase	\$ 75,000
On-site & Off-site Costs	\$ 267,405
Hard Construction Costs	\$ 4,753,415
Architect & Engineering Fees	\$ 644,000
Contractor Overhead & Profit	\$ 249,197
Developer Fee	\$ 750,000
Cost of Issuance	\$ 208,800
Capitalized Interest	\$ 301,983
Other Soft Costs (Marketing, etc.)	\$ 1,363,447
Total Uses	\$ 8,613,247

Description of Financial Structure and Bond Issuance:

The financial structure for the proposed project will be a private placement transaction provided by Wells Fargo Bank, N.A. (the "Bank") for construction financing and California Community Reinvestment Corporation for permanent financing. During the construction phase, the loan term will be for 21 months and the interest rate will be a variable rate equal to the sum of the one month LIBOR rate plus a spread of 1.90%. During the permanent financing phase, both the loan term and amortization period will be for 10 years. The interest rate will be a fixed rate based on the 10-year muni bond index plus a spread of 2.00%. The bonds will be issued by the California Municipal Finance Authority.

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: 77.5 out of 130

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$4,000,000 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]	0
Gross Rents	5	5	5
Large Family Units	5	5	0
Leveraging	10	10	10
Community Revitalization Area	15	15	0
Site Amenities	10	10	7.5
Service Amenities	10	10	0
New Construction	10	10	10
Sustainable Building Methods	10	10	10
Negative Points	-10	-10	0
Total Points	130	100	77.5

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.