

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
December 10, 2014
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Devon King

Applicant: California Municipal Finance Authority

Allocation Amount Requested:
Tax-exempt: \$15,000,000

Project Information:
Name: The Presidio Apartments
Project Address: 105 Avenida Presidio
Project City, County, Zip Code: San Clemente, Orange, 92672

Project Sponsor Information:
Name: The Presidio, L.P. (Redwood Housing Partners and Affordable Housing Access, INC.)
Principals: Ryan Fuson, Jeffrey Green for Redwood Housing Partners. Kris S. Evans, Michael J. Goodman, William W. Hirsch, Matthew B. Kaufman, Jonathan B. Webb, Jeffrey A.E. Zoldos, Hilda L. Jusuf, Lane Macy Kiefaber, Debbie Ballentine, Ineke S. Anderson, Jessica S. Martini, Janet L. Hirsch, Stacey Nguyen, Jessica C. Preboski, Summer S. Shippy for Affordable Housing Access, INC.)
Property Management Company: VPM Management, Inc

Project Financing Information:
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Private Placement Purchaser: Citibank
TEFRA Adoption Date: November 6, 2014

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 71, plus 1 manager unit
Type: Acquisition and Rehabilitation
Type of Units: Senior Citizens

The proposed project is an acquisition and rehabilitation project originally built in 1986, and consists of 72 units located in one 3 story building on approximately 1.13 acres of land in San Clemente, California. There are 18 studios and 54 one bedroom, one bathroom units. Each unit has a well- equipped kitchen, a large living area, and closet space. The facility has a sundeck which offers a view of the ocean, an activity room, a library, and a onsite laundry facility, and a management and leasing office along with an elevator and 39 parking spaces. The rehabilitation will be completed in one phase that will last for 9 months. The rehabilitation is going to improve and add value to the neighborhood, and will not move residents out of the building.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
21% (15 units) restricted to 50% or less of area median income households.
79% (56 units) restricted to 60% or less of area median income households.
Unit Mix: Studio & 1 bedroom

There will be no service amenities provided for the project

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$	19,092,128	
Estimated Hard Costs per Unit:	\$	20,030	(\$1,422,150 /71 units)
Estimated per Unit Cost:	\$	268,903	(\$19,092,128 /71 units)
Allocation per Unit:	\$	211,268	(\$15,000,000 /71 units)
Allocation per Restricted Rental Unit:	\$	211,268	(\$15,000,000 /71 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 15,000,000	\$ 12,200,000
Deferred Developer Fee	\$ 250,000	\$ 694,657
LIH Tax Credit Equity	\$ 1,058,052	\$ 6,197,471
Total Sources	\$ 16,308,052	\$ 19,092,128

Uses of Funds:	
Acquisition/Land Purchase	\$ 13,750,000
Hard Construction Costs	\$ 1,422,150
Contractor Overhead & Profit	\$ 181,001
Developer Fee	\$ 2,179,643
Cost of Issuance	\$ 379,289
Capitalized Interest	\$ 258,117
Other Soft Costs (Marketing, etc.)	\$ 921,928
Total Uses	\$ 19,092,128

Description of Financial Structure and Bond Issuance:

The financial structure of the proposed project will be a private placement transaction provided by Citibank, N.A. It is anticipated that there will be a construction loan of \$15,000,000 with an interest rate estimated to be 4.56% for 30 months with one 6 month extension. The permanent loan term will be \$12,200,000 with an interest rate of 5.05% for a amortization period of 35 Years. 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:

56 out of 130

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$15,000,000 in tax exempt bond allocation on a carryforward basis.

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	31
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	10
Service Amenities	10	10	0
New Construction	10	10	0
Sustainable Building Methods	10	10	0
Negative Points	-10	-10	0
Total Points	130	100	56

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.