

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
September 16, 2015
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Richard Fischer

Applicant: California Municipal Finance Authority

Allocation Amount Requested:
Tax-exempt: \$4,500,000

Project Information:
Name: Coalinga Senior Apartments
Project Address: South side of Polk Street and 5th Street
Project City, County, Zip Code: Coalinga, Fresno, 93210

Project Sponsor Information:
Name: Coalinga Pacific Associates, a CA LP (Central Valley Coalition for Affordable Housing)
Principals: Alan Jenkins, Sid McIntyre, Jennifer Bertuccio, Renee Downum, Steve Simmons and Christina Alley for Central Valley Coalition for Affordable Housing
Property Management Company: Buckingham Property Management

Project Financing Information:
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Private Placement Purchaser: Boston Capital Finance/ const.; 1998 Leopard Family Trust/ perm
TEFRA Adoption Date: July 2, 2015

Description of Proposed Project:
State Ceiling Pool: Rural
Total Number of Units: 39, plus 1 manager unit
Type: New Construction
Type of Units: Senior Citizens

The site for the proposed project, Coalinga Senior Apartments, is on approximately 1.30 acres and will be a 40-unit rental new construction project. A mix of 33 one-bedroom units (approximately 613 square feet) and 7 two-bedroom units (approximately 805 square feet). Coalinga Senior Apartments will provide affordable housing for seniors earning up to 60% of the area median income (AMI) for Fresno County. The project will include approximately 1,011 square feet of community space. The community space consists of an office, common room with kitchen, computer learning center, and an exercise room. In addition, laundry facilities totaling approximately 417 square feet will be located on each floor. A community garden area will provide an excellent opportunity for residents to socialize and recreate outdoors. An on-site resident manager will provide assistance and management while residing in a two-bedroom unit. Within the units, residents will enjoy standard features such as refrigerators, exhaust fans, dishwashers, disposals, and ranges with ovens. All units feature an outdoor balcony or patio with storage space. The development will include many energy efficient features as evidenced by exceeding the requirements in the 2008 Title 24, Part 6, of the California Building Code by no less than 30%.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
77% (30 units) restricted to 50% or less of area median income households.
23% (9 units) restricted to 60% or less of area median income households.
Unit Mix: 1 & 2 bedrooms

No service amenities.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$	7,631,387	
Estimated Hard Costs per Unit:	\$	104,119	(\$4,060,638 /39 units)
Estimated per Unit Cost:	\$	195,677	(\$7,631,387 /39 units)
Allocation per Unit:	\$	115,385	(\$4,500,000 /39 units)
Allocation per Restricted Rental Unit:	\$	115,385	(\$4,500,000 /39 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 4,500,000	\$ 280,000
Deferred Developer Fee	\$ 907,365	\$ 216,191
LIH Tax Credit Equity	\$ 210,478	\$ 2,157,676
Direct & Indirect Public Funds	\$ 1,727,520	\$ 4,977,520
Other (Deferred Costs)	\$ 286,024	\$ 0
Total Sources	\$ 7,631,387	\$ 7,631,387

Uses of Funds:	
Acquisition/Land Purchase	\$ 215,000
New Construction Costs	\$ 4,060,638
Developer Fee	\$ 907,365
Architectural	\$ 300,000
Survey & Engineering	\$ 150,000
Contingency Costs	\$ 390,237
Local Permit & Impact Fees, Taxes	\$ 666,226
Permanent Financing Expenses	\$ 345,286
Legal Fees	\$ 60,000
Soft Costs	\$ 250,611
Capitalized Reserves	\$ 286,024
Total Uses	\$ 7,631,387

Description of Financial Structure and Bond Issuance:

This is a private placement transaction with Boston Capital Finance as the construction lender, and Leopard Family Trust as the permanent lender with HOME funds from the City of Coalinga. During the construction financing phase the loan term will be for 24 months with a variable interest rate of 3.25% above the 10 Year Treasury at time of rate lock. During the permanent financing phase, the loan term will be for 40 years with an amortization period of 40 years at a fixed rate of 5.5%. The underwritten rate is 5.5%.

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: 70 out of 130

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$4,500,000 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	10
Service Amenities	10	10	0
New Construction	10	10	10
Sustainable Building Methods	10	10	0
Negative Points	-10	-10	0
Total Points	130	100	70

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.