

**THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**  
**May 18, 2011**  
**Staff Report**  
**REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A**  
**QUALIFIED RESIDENTIAL RENTAL PROJECT**

*Prepared by: Crystal Alvarez*

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**Applicant:** California Municipal Finance Authority

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**Allocation Amount Requested:**  
**Tax-exempt:** \$31,000,000

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**Project Information:**  
**Name:** Arroyo Vista Family and Senior Apartments  
**Project Address:** 6700 Dougherty Road  
**Project City, County, Zip Code:** Dublin, Alameda, 94568

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**Project Sponsor Information:**  
**Name:** TBD, L.P. (Eden Investment, Inc.)  
**Principals:** John Gaffney, Jesus Armas, Pauline Weaver, Kathleen Hamm and Linda Mandolini

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**Project Financing Information:**  
**Bond Counsel:** Quint & Thimmig LLP  
**Private Placement Purchaser:** Wells Fargo Bank, N.A. (Construction) / California Community Reinvestment Corporation (Permanent)  
**TEFRA Hearing Date:** December 21, 2010

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**Description of Proposed Project:**  
**State Ceiling Pool:** General  
**Total Number of Units:** 178, plus 2 manager units  
**Type:** New Construction  
**Type of Units:** Family/Federally Assisted At-Risk

Arroyo Vista Family and Senior Communities Apartments is one of two projects resulting from Dublin Housing Authority's disposition of the former 150 unit Arroyo Vista public housing site. The site is 24.13 acres in total which is being subdivided to accommodate four new parcels for development. The proposed development will be developed by Eden Housing, Inc. on two parcels as: 1) Arroyo Vista Family, an affordable Large Family Project (9.77 acres); and 2) Arroyo Vista Senior project on 1.02 acres. At the center of the four parcels the development will include a 3,188 square foot Community Building available to all residents, a new 3,289 square foot Child Care Center, with a capacity of 48 children between the ages of 2 and 6 years old.

**Description of Public Benefits:**

**Percent of Restricted Rental Units in the Project:** 98%  
85% (151 units) restricted to 50% or less of area median income households.  
13% (23 units) restricted to 60% or less of area median income households.  
**Unit Mix:** 1, 2, 3 & 4 bedrooms

The project consist of 178 total units of which four units will be rented at 80% AMI. The Arroyo Vista Family Apartments community is comprised of 130 rental units, 11 one-bedrooms, 64 two-bedrooms, 35 three-bedrooms and 15 four bedroom units. The Arroyo Vista Senior Apartments will consist of 50 one-bedroom units. The project sponsor has committed to providing educational classes and licensed childcare for a period of 10 years.

**Term of Restrictions:**

**Income and Rent Restrictions:** 55 years

**Details of Project Financing:**

<b>Estimated Total Development Cost:</b>	\$ 68,202,503	
<b>Estimated Hard Costs per Unit:</b>	\$ 180,237	(\$32,082,173 /178 units)
<b>Estimated per Unit Cost:</b>	\$ 383,160	(\$68,202,503 /178 units)
<b>Allocation per Unit:</b>	\$ 174,157	(\$31,000,000 /178 units)
<b>Allocation per Restricted Rental Unit:</b>	\$ 178,160	(\$31,000,000 /174 restricted units)

<b>Sources of Funds:</b>	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 31,000,000	\$ 14,954,000
Deferred Equity	\$ 0	\$ 100
LIH Tax Credit Equity	\$ 4,079,678	\$ 21,896,336
Direct & Indirect Public Funds	\$ 30,960,000	\$ 30,960,000
Other Deferred Costs	\$ 2,162,825	\$ 392,067
<b>Total Sources</b>	<b>\$ 68,202,503</b>	<b>\$ 68,202,503</b>

<b>Uses of Funds:</b>	
Land Purchase	\$ 11,070,000
On & Off Site Costs	\$ 5,995,052
Hard Construction Costs	\$ 26,087,121
Architect & Engineering Fees	\$ 2,381,334
Contractor Overhead & Profit	\$ 1,552,176
Developer Fee	\$ 2,000,000
Cost of Issuance	\$ 694,040
Other Soft Costs	\$ 18,422,780
<b>Total Uses</b>	<b>\$ 68,202,503</b>

**Description of Financial Structure and Bond Issuance:**

The bonds will be available during construction and will be provided on a draw down basis from Wells Fargo. They will have a variable rate at LIBOR plus 260 basis points. At the end of the 24 month construction period, the bonds will be paid down from the limited partner equity proceeds to a remaining balance of \$14,954,000. California Community Reinvestment Corporation will purchase the bonds from Wells Fargo. The bonds will amortize over a 30 year period and will be repaid after 18 years. The permanent bonds will have a forward committed interest rate, set at construction loan closing based on the greater of 5.9% or the AAA rated muni bonds plus 175 basis points.

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**Analyst Comments:**

Not Applicable

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**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.

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**Total Points:**

89 out of 118

[See Attachment A]

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**Recommendation:**

Staff recommends that the Committee approve \$31,000,000 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]	10
Gross Rents	5	5	5
Large Family Units	5	5	3.6
Leveraging	10	10	10
Community Revitalization Area	15	15	0
Site Amenities	10	10	6.8
Service Amenities	10	10	8.6
New Construction	10	10	10
Sustainable Building Methods	8	8	0
Negative Points	-10	-10	0
<b>Total Points</b>	<b>118</b>	<b>98</b>	<b>89</b>

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.