

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
July 20, 2011
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Crystal Alvarez

Applicant: California Municipal Finance Authority

Allocation Amount Requested:
Tax-exempt: \$4,300,000

Project Information:
Name: Drasnin Manor Apartments
Project Address: 2530 International Boulevard
Project City, County, Zip Code: Oakland, Alameda, 94601

Project Sponsor Information:
Name: Drasnin Manor, L.P. (Drasnin Manor, LLC)
Principals: Jeremy Liu
Property Management Company: East Bay Asian Local Development Corporation

Project Financing Information:
Bond Counsel: Jones Hall, A Professional Law Corporation
Private Placement Purchaser: Citibank, N.A.
TEFRA Hearing Date: June 17, 2011

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 25, plus 1 manager unit
Type: Acquisition and Rehabilitation
Type of Units: Family

The subject property is a 0.69 acre site (30,090 square feet) existing multifamily residential complex with over 2,900 square feet of ground floor retail. The building includes twenty-six (26) residential units with a mix of one, two and three bedroom units. The rehabilitation is designed to address the deferred maintenance that has accumulated over the years.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
100% (25 units) restricted to 50% or less of area median income households.
Unit Mix: 1, 2 & 3 bedrooms

The project is within close proximity to public transit, Lucky Foods and elementary schools.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$	8,437,561	
Estimated Hard Costs per Unit:	\$	128,103	(\$3,202,568 /25 units)
Estimated per Unit Cost:	\$	337,502	(\$8,437,561 /25 units)
Allocation per Unit:	\$	172,000	(\$4,300,000 /25 units)
Allocation per Restricted Rental Unit:	\$	172,000	(\$4,300,000 /25 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 4,300,000	\$ 1,807,800
Developer Equity	\$ 50,000	\$ 299,800
LIH Tax Credit Equity	\$ 400,000	\$ 2,420,883
Direct & Indirect Public Funds	\$ 2,733,185	\$ 3,909,078
Total Sources	\$ 7,483,185	\$ 8,437,561

Uses of Funds:	
Acquisition Cost	\$ 1,474,632
On & Off Site Costs	\$ 190,545
Hard Construction Costs	\$ 3,012,023
Architect & Engineering Fees	\$ 279,049
Contractor Overhead & Profit	\$ 565,727
Developer Fee	\$ 855,409
Cost of Issuance	\$ 134,396
Capitalized Interest	\$ 170,213
Other Soft Costs (Marketing, Inc.)	\$ 1,755,567
Total Uses	\$ 8,437,561

Description of Financial Structure and Bond Issuance:

The bonds will be privately placed with Citibank, N.A. The construction loan will be for a term of 24 months with a variable rate equal to SIFMA plus a spread of 3.00%. The loan will then convert to permanent with a fixed rate equal to a 2-year SIFMA swap rate plus a spread of 3.50% for a term of 15 years and amortized over 30 years.

Analyst Comments:

Drasin Manor Apartments is one of several existing properties previously owned and abandoned. It is one of several residential apartments targeted for transfer of title into a new non-profit ownership for preservation of affordability.

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: 70.5 out of 118
[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$4,300,000 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	5
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	0
Sustainable Building Methods	8	8	8
Negative Points	-10	-10	0
Total Points	118	98	70.5

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.