

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: Richard Fischer

Applicant: California Municipal Finance Authority

Allocation Amount Requested:
Tax-exempt: \$15,186,500

Project Information:
Name: Los Robles Apartments
Project Address: 32300 Almaden Boulevard
Project City, County, Zip Code: Union City, Alameda, 95487

Project Sponsor Information:
Name: Los Robles Apartments Associates, L.P. (32300 Almaden Boulevard, LLC and EAH Inc.)
Principals: Mary Murtagh, Laura Hall, Judy Binsacca, William W. Thompson and JoAnne Fabina for both 32300 Almaden Boulevard LLC and EAH, Inc.
Property Management Company: EAH, Inc.

Project Financing Information:
Bond Counsel: Jones Hall, A Professional Law Corporation
Credit Enhancement Provider: Not Applicable
Private Placement Purchaser: U.S Bank N.A.
TEFRA Hearing Date: March 8, 2011

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 138, plus 2 manager units
Type: Acquisition and Rehabilitation
Type of Units: Family

There are 19 two-story buildings that contain the 140 residential units and one community building. Each of the units are furnished with a full kitchen including stove, oven, sink, garbage disposal and refrigerator. All four and five bedroom units and some three bedroom units have laundry hookups for a washer and dryer located near the kitchen. Common areas included the community building with management offices, maintenance offices, community room, restrooms, computer center and laundry facility, as well as three tot lots, a basketball court, green belt and walking path and parking lots.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 86%
71% (98 units) restricted to 50% or less of area median income households.
14% (20 units) restricted to 60% or less of area median income households.
Unit Mix: 2, 3 4 & 5 bedrooms

The Project will be providing; after school programs and a contract with a bona fide service coordinator/social worker.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost: \$ 30,182,166
Estimated Hard Costs per Unit: \$ 58,884 (\$8,126,047 /138 units)
Estimated per Unit Cost: \$ 218,711 (\$30,182,166 /138 units)
Allocation per Unit: \$ 110,047 (\$15,186,500 /138 units)
Allocation per Restricted Rental Unit: \$ 128,699 (\$15,186,500 /118 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 15,186,500	\$ 8,278,600
Seller Carryback Loan	\$ 11,173,882	\$ 11,173,882
Deferred Developer Fee	\$ 985,640	\$ 985,640
LIH Tax Credit Equity	\$ 415,812	\$ 8,316,238
Accrued/Deferred Interest	\$ 779,378	\$ 779,378
Other (Income from Operations)	\$ 648,428	\$ 648,428
Total Sources	\$ 29,189,640	\$ 30,182,166

Uses of Funds:	
Acquisition Cost	\$ 12,535,009
On & Off Site Costs	\$ 550,080
Hard Construction Costs	\$ 7,575,967
Architect & Engineering Fees	\$ 332,377
Contractor Overhead & Profit	\$ 447,134
Developer Fee	\$ 2,000,000
Relocation	\$ 989,281
Cost of Issuance	\$ 398,792
Capitalized Interest	\$ 1,504,496
Other Soft Costs (Marketing, etc.)	\$ 3,849,030
Total Uses	\$ 30,182,166

Description of Financial Structure and Bond Issuance:

Upon issuance, US Bank will purchase the bonds. The bond proceeds will be in a form of a Construction Loan loaned to the Los Robles Apartments Associates, L.P. to fund the rehabilitation of the Project at 80 % of the 30 day LIBOR plus 3.00%. The Permanent financing will be 30 year amortization; 15 year term; fixed rate at 15-yr CIP Index plus 2.50% multiplied by the Bank's tax-exempt equivalent factor.

Analyst Comments:

Included in the Project is a current Project-Based Section 8 contract assisting 42 units and the Project Sponsor expects HUD to issue a new 34-35 year contract for these units.

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: 72.5 out of 118
[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$15,186,500 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	5
Leveraging	10	10	0
Community Revitalization Area	15	15	0
Site Amenities	10	10	7.5
Service Amenities	10	10	10
New Construction	10	10	0
Sustainable Building Methods	8	8	0
Negative Points	-10	-10	0
Total Points	118	98	72.5

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.