

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
September 28, 2011
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Crystal Alvarez

Applicant: California Statewide Communities Development Authority

Allocation Amount Requested:
Tax-exempt: \$6,000,000

Project Information:
Name: Dolores Lia Apartments
Project Address: 1275 El Camino Real
Project City, County, Zip Code: Millbrae, San Mateo 94030

Project Sponsor Information:
Name: Millbrae Pacific Associates, a California L.P. (Central Valley Coalition for Affordable Housing and Roope, LLC)
Principals: Christina Alley for Central Valley Coalition for Affordable Housing; Caleb Roope for Roope, LLC
Property Management Company: Cambridge Real Estate Services

Project Financing Information:
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Underwriter: Citibank, N.A.
Credit Enhancement Provider: Citibank, N.A./Freddie Mac
TEFRA Hearing Date: August 25, 2011

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 26, plus 1 manager unit
Type: Acquisition and Rehabilitation
Type of Units: Family

The project is an existing apartment development that was originally constructed in 1962 and is a three-story building over one level of subterranean parking. The development is aging and is ripe for rehabilitation. The units will be renovated to include new flooring throughout, new energy efficient kitchen appliances, new water saving fixtures in the bathrooms, new energy efficient windows and window coverings, new sliding glass doors, updated lighting packages within the units and new heating units will be installed. Additionally, photovoltaic panels will be installed, further decreasing the utility costs for future residents.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
100% (26 units) restricted to 50% or less of area median income households.
Unit Mix: Studio, 1 & 2 bedrooms

The project is within close proximity to public transportation, Green Hills Park, public schools and the Millbrae Library.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$ 11,479,945	
Estimated Hard Costs per Unit:	\$ 62,110	(\$1,614,850 /26 units)
Estimated per Unit Cost:	\$ 441,536	(\$11,479,945 /26 units)
Allocation per Unit:	\$ 230,769	(\$6,000,000 /26 units)
Allocation per Restricted Rental Unit:	\$ 230,769	(\$6,000,000 /26 restricted units)

The Project has total project costs that appear high for the geographic area in which it is located. According to the Project sponsor, the high cost is due to the San Francisco area high coast area in relation to other areas of the state. The project is a small project with 27 units and the majority of the expenses are in acquisition of \$244,444 per unit cost.

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 6,000,000	\$ 1,875,000
Deferred Developer Fee	\$ 863,404	\$ 600,000
LIH Tax Credit Equity	\$ 275,215	\$ 3,304,945
Direct & Indirect Public Funds	\$ 4,200,000	\$ 5,700,000
Other Def. Costs	\$ 141,326	\$ 0
Total Sources	\$ 11,479,945	\$ 11,479,945

Uses of Funds:	
Acquisition Cost	\$ 6,605,000
On & Off Site Costs	\$ 135,000
Hard Construction Costs	\$ 1,479,850
Architect & Engineering Fees	\$ 100,000
Contractor Overhead & Profit	\$ 109,800
Developer Fee	\$ 1,232,440
Relocation	\$ 350,000
Cost of Issuance	\$ 492,552
Capitalized Interest	\$ 400,000
Other Soft Costs (Marketing, etc.)	\$ 575,303
Total Uses	\$ 11,479,945

Description of Financial Structure and Bond Issuance:

The project will be financed using a credit enhancement structure with Citibank as a Freddie Mac delegated lender for the tax-exempt bonds. The construction loan will carry an interest rate of 3.9% with a term of 24 months. Upon conversion to a permanent loan the interest rate will be at 4.93% with a term of 35 years and amortized over 30 years.

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 118

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$6,000,000 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	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	0
Sustainable Building Methods	8	8	0
Negative Points	-10	-10	0
Total Points	118	98	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.