

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
January 18, 2012
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Annie Ong

Applicant: California Municipal Finance Authority

Allocation Amount Requested:
Tax-exempt: \$26,200,000

Project Information:
Name: **Piedmont Apartments**
Project Address: 215 West MacArthur Blvd.
Project City, County, Zip Code: Oakland, Alameda, 94611

Project Sponsor Information:
Name: Piedmont Apartments, LP (Piedmont Apartments, LLC, and Western Community Housing, Inc.)
Principals: Piedmont Apartments, LLC: Kipling Sheppard, Jeff Nielson, Tony Hladak, and JD Neilson
Western Community Housing, Inc.: Graham Espley-Jones, Leanne Truofreh, and Sandra Gibbons
Property Management Company: Wasatch Property Management

Project Financing Information:
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Underwriter: Citi Community Capital
Credit Enhancement Provider: Not Applicable
Private Placement Purchaser: Citibank, N.A.
TEFRA Hearing Date: December 16, 2011

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 247, plus 3 manager units
Type: Acquisition and Rehabilitation
Type of Units: Family

Piedmont Apartments is an existing 250-unit LITHC development. Post renovation, the Project will offer units with income levels at 50 or 60 percent of AMI or below. The renovated property will offer improved landscaping, energy efficient windows, access for persons with disabilities, landscaped common areas, an upgraded community center, garage parking, 24-hour emergency maintenance, and upgraded/improved building systems including elevators. Unit amenities will include new flooring, cabinets, hardware, countertops, and appliances.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
10% (25 units) restricted to 50% or less of area median income households.
90% (222 units) restricted to 60% or less of area median income households.
Unit Mix: Studio, 1 & 2 bedrooms

After school programs and education classes will be offered.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$	34,931,287	
Estimated Hard Costs per Unit:	\$	21,255	(\$5,250,000 /247 units)
Estimated per Unit Cost:	\$	141,422	(\$34,931,287 /247 units)
Allocation per Unit:	\$	106,073	(\$26,200,000 /247 units)
Allocation per Restricted Rental Unit:	\$	106,073	(\$26,200,000 /247 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 26,200,000	\$ 26,200,000
LIH Tax Credit Equity	\$ 5,378,402	\$ 8,731,287
Other (Costs paid at Perm Closing)	\$ 3,352,885	\$ 0
Total Sources	<u>\$ 34,931,287</u>	<u>\$ 34,931,287</u>

Uses of Funds:	
Land Purchase	\$ 23,175,000
Hard Construction Costs	\$ 5,250,000
Architect & Engineering Fees	\$ 10,000
Contractor Overhead & Profit	\$ 315,000
Developer Fee	\$ 2,500,000
Relocation	\$ 305,000
Cost of Issuance	\$ 439,700
Other Soft Costs (Marketing, etc.)	\$ 2,936,587
Total Uses	<u>\$ 34,931,287</u>

Description of Financial Structure and Bond Issuance:

Piedmont Apartments will be financed via tax-exempt bond purchases (\$26,200,000) by Citibank, N.A. The interest rate will be variable and equal to SIFMA plus a spread of 2.75% during the construction phase, including a 5bps servicing fee. The permanent loan interest rate will be fixed and equal to the sum of 17 year maturity "AAA" bond rates as published by Thompson Municipal Market Monitor plus a spread of 1.80%. Term will be 15 years and amortization will be 35 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:

60.1 out of 118

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$26,200,000 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	25
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Federally Assisted At-Risk Project or HOPE VI Project]	[10]	[10]	2.1
Gross Rents	5	5	5
Large Family Units	5	5	0
Leveraging	10	10	0
Community Revitalization Area	15	15	0
Site Amenities	10	10	10
Service Amenities	10	10	10
New Construction	10	10	0
Sustainable Building Methods	8	8	8
Negative Points	-10	-10	0
Total Points	118	98	60.1

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.