

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

Prepared by: Narisha Bonakdar

Applicant: California Municipal Finance Authority

Allocation Amount Requested:

Tax-exempt: \$22,370,000

Project Information:

Name: Alexander Crossing Apartments
Project Address: 250 Silverado Trail
Project City, County, Zip Code: Napa, Napa, 94559

Project Sponsor Information:

Name: Alexander Napa L.P. (Pacific Housing Inc. and Anton Alexander, LLC)
Principals: Pacific Housing, Inc.: Mark A. Weise; Anton Alexander, LLC: Steven L. Eggert and Peter Geremia

Property Management Company: St. Anton Management Inc.

Project Financing Information:

Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Private Placement Purchaser: Citibank, N.A.
TEFRA Hearing Date: June 5, 2012

Description of Proposed Project:

State Ceiling Pool: General
Total Number of Units: 133, plus 1 manager unit
Type: New Construction
Type of Units: Family

Alexander Crossing is a proposed 134-unit new construction project located on 6.4 acres in Napa County. It will include 40 one-bedroom units, 74 two-bedroom units, and 20 three-bedroom units. Twenty-seven units (20 percent) will be income-restricted to households earning at or below 50 percent of the Area Median Income and the remaining 106 units will be market-rate. Each unit will include hydronic space heating and central air conditioning, washer and dryer connections, a patio/balcony, and energy efficient appliances. The property will include a community room with a computer area/classroom, a fitness center, a playground, and an onsite laundry facility.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 20%
20% (27 units) restricted to 50% or less of area median income households.
Unit Mix: 1, 2 & 3 bedrooms

The proposed project will provide after school programs.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$ 30,192,615	
Estimated Hard Costs per Unit:	\$ 99,336	(\$13,211,629 /133 units)
Estimated per Unit Cost:	\$ 227,012	(\$30,192,615 /133 units)
Allocation per Unit:	\$ 168,195	(\$22,370,000 /133 units)
Allocation per Restricted Rental Unit:	\$ 828,519	(\$22,370,000 /27 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 22,370,000	\$ 22,370,000
Deferred Developer Fee	\$ 633,016	\$ 633,016
LIH Tax Credit Equity	\$ 1,662,175	\$ 1,662,175
Direct & Indirect Public Funds	\$ 1,500,000	\$ 1,500,000
Other: NOI	\$ 1,777,424	\$ 4,027,424
Total Sources	\$ 27,942,615	\$ 30,192,615

Uses of Funds:	
Acquisition/Land Purchase	\$ 4,900,000
On & Off Site Costs	\$ 2,662,236
Hard Construction Costs	\$ 10,549,393
Architect & Engineering Fees	\$ 588,000
Contractor Overhead & Profit	\$ 613,271
Developer Fee	\$ 2,500,000
Cost of Issuance	\$ 553,174
Capitalized Interest	\$ 1,929,112
Other Soft Costs (Marketing, etc.)	\$ 5,897,429
Total Uses	\$ 30,192,615

Description of Financial Structure and Bond Issuance:

Citibank, N.A. will provide a private placement of \$22,370,000 in tax-exempt bonds which will serve as both the construction and permanent loans. The construction loan term will be 24 months and will carry a variable interest rate equal to SIFMA plus a 2.75% spread. Upon stabilization, the remaining debt will be converted to a permanent loan with a fixed interest rate equal to the sum of the 12-year maturity “AAA” bond rates plus a spread of 2.75%. The permanent loan will have a 10-year term and 35-year amortization.

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: 53.9 out of 130

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$22,370,000 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	6
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	5.4
Community Revitalization Area	15	15	0
Site Amenities	10	10	7.5
Service Amenities	10	10	10
New Construction	10	10	10
Sustainable Building Methods	10	10	0
Negative Points	-10	-10	0
Total Points	130	100	53.9

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.