

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
September 26, 2012
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: \$3,812,954

Project Information:
Name: Fuller Lodge Apartments
Project Address: 2141 Bancroft Avenue
Project City, County, Zip Code: San Leandro, Alameda, 94577

Project Sponsor Information:
Name: Eden Housing Inc.
Principals: Pauline Weaver, Kathleen Hamm and Linda Mandolini
Property Management Company: Eden Housing Management, Inc.

Project Financing Information:
Bond Counsel: Jones Hall, A Professional Law Corporation
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Private Placement Purchaser: Citibank, N.A.
TEFRA Hearing Date: July 24, 2012

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 Fuller Lodge is an existing two story 26 unit project in San Leandro. It was originally constructed in 1991 and is on a .72 acre site with frontage access on Bancroft Avenue. The main lobby area has secured access and includes two offices, a recreation room with a kitchen and bath and a laundry room. There are 20 one-bedroom residential units and 6 two-bedroom units. Each unit has a wall furnace, ceiling fan, modern kitchen with range/oven, refrigerator, exhaust fan, garbage disposal and a bathroom. There are storage lockers for bicycles and an older equipped exercise room. There are only 7 paved parking spaces available.

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 bedrooms

Project service amenities include: instructor-led educational, health and wellness or skill building classes and an available bona fide service coordinator/social worker.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$	8,079,340	
Estimated Hard Costs per Unit:	\$	103,494	(\$2,587,341 /25 units)
Estimated per Unit Cost:	\$	323,174	(\$8,079,340 /25 units)
Allocation per Unit:	\$	152,518	(\$3,812,954 /25 units)
Allocation per Restricted Rental Unit:	\$	152,518	(\$3,812,954 /25 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 3,812,954	\$ 1,909,089
Seller Carryback Loan	\$ 1,918,626	\$ 1,918,626
Deferred Developer Fee	\$ 0	\$ 200,000
Developer Equity	\$ 931,086	\$ 1,290,202
LIH Tax Credit Equity	\$ 247,151	\$ 2,471,758
Other (Cash Flow, accrued/ deferred interest & Replacement Res.)	\$ 274,665	\$ 289,665
Total Sources	\$ 7,184,482	\$ 8,079,340

Uses of Funds:	
Acquisition/Land Purchase	\$ 3,420,729
On & Off Site Costs	\$ 2,587,341
Architect & Engineering Fees	\$ 193,354
Contractor Overhead & Profit	\$ 186,502
Developer Fee	\$ 654,108
Relocation	\$ 187,050
Cost of Issuance	\$ 95,710
Capitalized Interest	\$ 119,084
Other Soft Costs (Marketing, etc.)	\$ 635,462
Total Uses	\$ 8,079,340

Description of Financial Structure and Bond Issuance:

The Project financing will be privately held by Citibank, N.A. The construction period funding loan will carry a floating rate, based on 2.0% over SIFMA. Currently, SIFMA is approximately 0.15% so the total construction term interest rate is 2.15%. The permanent period loan will have a term of 20 years and an amortization of 35 years. The interest rate will be dependent upon market conditions at the time of closing the loan, which will be based on 15 year AAA municipal bond rates as quoted by Thompson Municipal Market Monitor (MMD) plus a spread of 2.50%. Currently, the permanent term interest rate will be approximately 4.78%, not including any potential issuer fees.

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: 67.5 out of 130

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$3,812,954 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	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	10	10	0
Negative Points	-10	-10	0
Total Points	130	100	67.5

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.