

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: \$12,500,000

Project Information:
Name: Round Walk Village Apartments
Project Address: 745 North McDowell Boulevard
Project City, County, Zip Code: Petaluma, Sonoma, 94954-1465

Project Sponsor Information:
Name: Round Walk Village Partners 2, L.P. (Round Walk Village LLC)
Principals: John Lowry, Charles A. Cornell for Burbank Housing
Development Corporation
Property Management Company: Burbank Housing Management Corporation

Project Financing Information:
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Private Placement Purchaser: Citibank, N.A.
TEFRA Hearing Date: August 6, 2012

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 127, plus 2 manager units
Type: Acquisition and Rehabilitation
Type of Units: Family

Round Walk Village is an existing 129-unit multi-family affordable rental property located on 6.29 acre parcel in northeast Petaluma. The 127 resident units are spread among 62 buildings. Each building contains 1, 2, 3, or 4 townhome apartments, with two flats above a separate community building. The unit make-up is 26 one-bedroom, 50 two-bedroom, 47 three-bedroom, and 6 four bedroom apartments. There are two manager's units, one 3-bedroom and one 4-bedroom. The units include stove refrigerator, garbage disposal, dishwasher (2-, 3-, and 4-bedroom units), cable TV, carpet, blinds/drapes, and patio/balcony. The two, three-, and four-bedroom units have washer/dryer hook-up and there is also a community laundry. The Project has a large community room with a kitchen, tot lots, sport courts and open parking.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
77% (98 units) restricted to 50% or less of area median income households.
23% (29 units) restricted to 60% or less of area median income households.
Unit Mix: 1, 2, 3 & 4 bedrooms

The project will provide 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: \$ 23,571,772
Estimated Hard Costs per Unit: \$ 52,734 (\$6,697,276 /127 units)
Estimated per Unit Cost: \$ 185,605 (\$23,571,772 /127 units)
Allocation per Unit: \$ 98,425 (\$12,500,000 /127 units)
Allocation per Restricted Rental Unit: \$ 98,425 (\$12,500,000 /127 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 12,500,000	\$ 4,185,000
Developer Equity	\$ 0	\$ 789,478
Income from ops and Energy credit equity	\$ 0	\$ 229,159
LIH Tax Credit Equity	\$ 0	\$ 8,404,213
Direct & Indirect Public Funds	\$ 1,740,910	\$ 1,740,910
Other (Seller take-back loan)	\$ 8,223,012	\$ 8,223,012
Total Sources	\$ 22,463,922	\$ 23,571,772

Uses of Funds:	
Acquisition/Land Purchase	\$ 11,500,000
On & Off Site Costs	\$ 480,500
Hard Construction Costs	\$ 6,216,776
Architect & Engineering Fees	\$ 178,145
Contractor Overhead & Profit	\$ 417,927
Developer Fee	\$ 1,886,199
Relocation	\$ 435,000
Cost of Issuance	\$ 299,304
Capitalized Interest	\$ 392,405
Other Soft Costs (Marketing, etc.)	\$ 1,765,516
Total Uses	\$ 23,571,772

Description of Financial Structure and Bond Issuance:

Citibank, N.A. will be privately purchasing the tax-exempt bonds for this project. They will purchase a total of \$12,500,000 in tax-exempt financing for the construction-period funding. The bond will be paid down to the permanent period amount of \$4,185,000 at conversion. Series A bonds and loan terms are: The sum of 18 year maturity with a AAA municipal bond rates plus a spread of 2.75%. Series B bonds will have a 18 month term with a variable rate spread rate equal to SIFMA plus a spread of 2.50%.

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: 85.5 out of 130

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$12,500,000 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	5
Leveraging	10	10	8
Community Revitalization Area	15	15	0
Site Amenities	10	10	7.5
Service Amenities	10	10	5
New Construction	10	10	0
Sustainable Building Methods	10	10	10
Negative Points	-10	-10	0
Total Points	130	100	85.5

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.