

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: Annie Ong

Applicant: California Municipal Finance Authority

Allocation Amount Requested: Tax-exempt: \$2,692,134

Project Information:
Name: EC Magnolia Apartments
Project Address: 22880 Watkins St.
Project City, County, Zip Code: Hayward, Alameda, 94541

Project Sponsor Information:
Name: EHP EC Magnolia, LP (Eden Housing, Inc., Eden Investments, Inc. and Eden CRIL, Inc.)
Principals: For Eden Housing, Inc. and Eden Investments, Inc.: John Gaffney, Jesus Armas, Pauline Weaver, Kathleen Hamm, and Linda Mandolini
For Eden CRIL, Inc.: Dorene Giacomini, Steve Kaye, and Randy Dana
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: 20, plus 1 manager unit
Type: Acquisition and Rehabilitation
Type of Units: Seniors/Special Needs

The EC Magnolia Apartments was built in 1992 providing housing for senior/disabled households. The Project is located on 0.49 acres. The site consists of two residential structures around a central landscaped courtyard and community building with administrative offices. The residential structures are two stories tall, joined by exterior walkways, stairs, and serviced by a single elevator. There is communal laundry and a kitchenette in the community building available for tenant use. The property has onsite parking in a single surface lot. Planned renovations include revising exterior exit balconies to make them ADA compliant, repairing private deck decay and improving waterproofing, replacing all windows and sliding glass doors, painting the exterior, replacing dry rot throughout the exterior, removing unnecessary fire life safety signage and relocating them to minimize confusion and add ADA compliance signage, replacing components of trash room, and replacing insulation at boiler pipes. Residential units will be renovated to convert 5% of units to current ADA compliance, replace carpeting in 21 units, repair drywall and install corner guards, replace resilient flooring in bathrooms and kitchens, and replacing kitchen cabinets and countertops.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
100% (20 units) restricted to 50% or less of area median income households.
Unit Mix: 1 & 2 bedrooms

A bona fide service coordinator/social worker will be available.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$	5,328,137	
Estimated Hard Costs per Unit:	\$	86,782	(\$1,735,633 /20 units)
Estimated per Unit Cost:	\$	266,407	(\$5,328,137 /20 units)
Allocation per Unit:	\$	134,607	(\$2,692,134 /20 units)
Allocation per Restricted Rental Unit:	\$	134,607	(\$2,692,134 /20 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 2,692,134	\$ 1,320,327
Developer Equity	\$ 1,163,056	\$ 1,393,375
LIH Tax Credit Equity	\$ 156,224	\$ 1,562,395
Other (seller financing/existing reserves/accrued interest on seller financing)	\$ 842,040	\$ 1,052,040
Total Sources	\$ 4,853,454	\$ 5,328,137

Uses of Funds:	
Acquisition/Land Purchase	\$ 2,173,508
On & Off Site Costs	\$ 73,679
Hard Construction Costs	\$ 1,661,954
Architect & Engineering Fees	\$ 139,014
Contractor Overhead & Profit	\$ 128,251
Developer Fee	\$ 421,819
Relocation	\$ 151,079
Cost of Issuance	\$ 72,030
Capitalized Interest	\$ 65,338
Other Soft Costs (Marketing, etc.)	\$ 441,465
Total Uses	\$ 5,328,137

Description of Financial Structure and Bond Issuance:

The tax-exempt bond allocation will be privately placed with Citibank, N.A. The construction period funding loan will carry a variable rate equal to SIFMA plus a spread of 2.0% with a term of 18 months. Currently, SIFMA is set at 0.15%, for a current all-in rate of 2.15%. The permanent period loan will be the sum of the 15 year maturity "AAA" bond rates as published by Thompson Municipal Market Monitor ("MMD") plus a spread of 2.50%. Currently, MMD is trading at approximately 2.32%, for a current indicate rate of 4.82%. The term will be 20 years with an amortization of 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: 65 out of 130
[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$2,692,134 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	10
Service Amenities	10	10	5
New Construction	10	10	0
Sustainable Building Methods	10	10	0
Negative Points	-10	-10	0
Total Points	130	100	65

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.