

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: Narisha Bonakdar

Applicant: California Municipal Finance Authority

Allocation Amount Requested:
Tax-exempt: \$4,932,430

Project Information:
Name: Redwood Lodge Apartments
Project Address: 40767 Fremont Blvd.
Project City, County, Zip Code: Fremont, Alameda, 94538

Project Sponsor Information:
Name: EHP Redwood Lodge (Eden CRIL, LLC)
Principals: Eden CRIL, LLC: John Gaffney Jesus Armas, Pauline Weaver,
Kathleen Hamm, Linda Mandolini
Property Management Company: Eden Housing Management, Inc. (EHMI)

Project Financing Information:
Bond Counsel: Jones Hall, A Professional Law Corporation
Private Placement Purchaser: Citibank, N.A.
TEFRA Hearing Date: July 24, 2012

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 23, plus 1 manager unit
Type: Acquisition and Rehabilitation
Type of Units: Senior Citizens/Special Needs

Redwood Lodge Apartments is a proposed 23-unit acquisition and rehabilitation project located in the City of Fremont. It will consist of 18 one-bedroom units and 5 two-bedroom units on .41 acres. All of the units will be income-restricted to households earning between 30 and 40 percent of Area Median Income. Each unit will include standard appliances, controlled baseboard heating, a ceiling fan, and a private backyard. The property will include a community room, a laundry facility, a courtyard, and parking.

Description of Public Benefits:

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

The project sponsor will provide free educational classes for a minimum of 10 years and have a bona fide social worker or service coordinator onsite.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$	7,743,727
Estimated Hard Costs per Unit:	\$	102,425 (\$2,355,778 /23 units)
Estimated per Unit Cost:	\$	336,684 (\$7,743,727 /23 units)
Allocation per Unit:	\$	214,453 (\$4,932,430 /23 units)
Allocation per Restricted Rental Unit:	\$	214,453 (\$4,932,430 /23 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 4,932,430	\$ 2,754,600
Developer Equity	\$ 0	\$ 366,018
LIH Tax Credit Equity	\$ 281,553	\$ 2,559,832
Other (Seller Financing/developer equity, etc.)	\$ 1,793,277	\$ 2,063,277
Total Sources	\$ 7,007,260	\$ 7,743,727

Uses of Funds:	
Acquisition/Land Purchase	\$ 3,384,554
On & Offsite Costs	\$ 113,823
Rehabilitation Costs	\$ 2,241,955
Architect & Engineering Fees	\$ 177,147
Contractor Overhead & Profit	\$ 148,855
Developer Fee	\$ 584,582
Relocation	\$ 172,662
Cost of Issuance	\$ 108,200
Capitalized Interest	\$ 126,285
Other Soft Costs (Marketing, etc.)	\$ 685,664
Total Uses	\$ 7,743,727

Description of Financial Structure and Bond Issuance:

This project will use a loan-to-lender structure. Citibank, N.A. will provide a tax-exempt loan to the California Municipal Finance Authority (CMFA) in the amount of \$4,932,430, which will serve as both the construction and permanent loans to the project owner. The construction loan term will be 18-months and will carry a variable interest rate of 2% over SIFMA. After the 18-month construction period, a maximum amount of \$2,754,600 will be converted to a permanent loan with a fixed interest rate equal to the sum of the 15-year maturity "AAA" municipal bond rates plus a 2.50% spread. The permanent loan will have a 20-year term and 35-year amortization.

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: 80 out of 130
[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$4,932,430 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	10
New Construction	10	10	0
Sustainable Building Methods	10	10	10
Negative Points	-10	-10	0
Total Points	130	100	80

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.