

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: Sarah Lester

Applicant: California Municipal Finance Authority

Allocation Amount Requested:
Tax-exempt: \$12,994,078

Project Information:
Name: Eden Issei Terrace Apartments
Project Address: 200 Fagundes Steet
Project City, County, Zip Code: Hayward, Alameda, 94544

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

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: 98, plus 2 manager units
Type: Acquisition and Rehabilitation
Type of Units: Senior Citizens

The proposed project is an existing 100 unit complex located in central Hayward, in an area commonly known as the "Jackson Triangle" in the County of Alameda. The project was originally constructed in 1985 and funded through the HUD 202 program. The site provides housing for senior households. The property is composed of a large three-story building. The property consists of 25 studio units, 74 one-bedroom units and 1 two-bedroom manager unit. The work at the property will include replacement of the following items: 50 unit decks, sanitary sewer piping, all unit windows and sliding glass doors, roofing at the flat roof; exterior painting and waterproofing; and ADA corrections to the sidewalk and main entry of the complex and main entry of the parking lot. Construction is anticipated to start by the end of January 2013 and completed in November 2013.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
100% (98 units) restricted to 50% or less of area median income households.
Unit Mix: Studio & 1 bedroom

The proposed project will provide instructor-led educational, health and wellness of skill building classes and a bona fide service coordinator/social worker.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$ 23,024,862	
Estimated Hard Costs per Unit:	\$ 64,164	(\$6,288,059 /98 units)
Estimated per Unit Cost:	\$ 234,948	(\$23,024,862 /98 units)
Allocation per Unit:	\$ 132,593	(\$12,994,078 /98 units)
Allocation per Restricted Rental Unit:	\$ 132,593	(\$12,994,078 /98 restricted units)

	Construction	Permanent
Sources of Funds:		
Tax-Exempt Bond Proceeds	\$ 12,994,078	\$ 7,602,471
Deferred Developer Fee	\$ 2,616,781	\$ 2,616,781
LIH Tax Credit Equity	\$ 1,585,392	\$ 7,927,754
Other(seller financing/existing reserves/accrued interest on seller financing/deferred dev fee/income from operations prior to conversion)	\$ 4,247,856	\$ 4,877,856
Total Sources	\$ 21,444,107	\$ 23,024,862

Uses of Funds:	
Acquisition/Land Purchase	\$ 10,548,284
On & Off Site Costs	\$ 346,177
Hard Construction Costs	\$ 5,941,882
Architect & Engineering Fees	\$ 447,593
Contractor Overhead & Profit	\$ 524,745
Developer Fee	\$ 1,696,328
Relocation	\$ 719,424
Cost of Issuance	\$ 346,961
Capitalized Interest	\$ 403,623
Other Soft Costs (Marketing, etc.)	\$ 2,049,845
Total Uses	\$ 23,024,862

Description of Financial Structure and Bond Issuance:

The financial structure for the proposed project will be a private placement transaction provided by Citibank, N.A., that will provide a tax-exempt loan to the California Municipal Finance Authority (the "Issuer") in an amount of \$12,994,078. The construction period will be for 24 months and will carry a floating rate based on 2.0% over SIFMA. The permanent loan will have a term of 20 years and an amortization of 35 years. The interest rate will be the sum of 15 year maturity "AAA" bond rates as published by Thompson Municipal Market Monitor ("MMD") plus a spread of 2.50%. The rate includes a 5bps servicing fee.

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: 60 out of 130
[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$12,994,078 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]	0
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	0
Negative Points	-10	-10	0
Total Points	130	100	60

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.