

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
November 14, 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: \$19,500,000

Project Information:
Name: BRIDGE Triangle Apartments
Project Address: 959 Bridge St
Project City, County, Zip Code: West Sacramento, Yolo, 95691

Project Sponsor Information:
Name: Bridge Triangle, LLC (BRIDGE Housing Corporation and Hotel Don, Inc.)
Principals: Cynthia Parker, Rebecca Hlebasko, and Susan Johnson (for BRIDGE Housing Corporation and Hotel Don)
Property Management Company: BRIDGE Property Management

Project Financing Information:
Bond Counsel: Quint & Thimmig LLP
Private Placement Purchaser: JP Morgan Chase Bank, N. A.
TEFRA Hearing Date: August 1, 2012

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 69, plus 1 manager unit
Type: New Construction
Type of Units: Family

BRIDGE Triangle Apartments is a proposed 69-unit new construction project located in the Bridge District of West Sacramento. It will consist of 9 one-bedroom units, 36 two-bedroom units, and 24 three-bedroom units on .97 acres. All of the units will be income-restricted to households earning between 30 and 50 percent of Area Median Income. Each unit will include standard appliances and duct heated pump systems. The property will include a community room, a laundry facility, a courtyard, parking, and a community garden.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
100% (69 units) restricted to 50% or less of area median income households.
Unit Mix: 1, 2 & 3 bedrooms

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$	30,300,722	
Estimated Hard Costs per Unit:	\$	283,715	(\$19,576,337 /69 units)
Estimated per Unit Cost:	\$	439,141	(\$30,300,722 /69 units)
Allocation per Unit:	\$	282,609	(\$19,500,000 /69 units)
Allocation per Restricted Rental Unit:	\$	282,609	(\$19,500,000 /69 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 19,500,000	\$ 1,549,300
Taxable Bond Proceeds	\$ 0	\$ 0
Developer Equity	\$ 0	\$ 1,875,256
LIH Tax Credit Equity	\$ 0	\$ 12,519,642
Direct & Indirect Public Funds	\$ 9,125,000	\$ 14,106,230
Other (Seller Financing/developer equity, etc.)	\$ 250,294	\$ 250,294
Total Sources	\$ 28,875,294	\$ 30,300,722

Uses of Funds:	
Acquisition/Land Purchase	\$ 10,000
On & Offsite Costs	\$ 1,793,990
New Construction Costs	\$ 17,782,347
Architect & Engineering Fees	\$ 1,295,000
Contractor Overhead & Profit	\$ 1,471,931
Developer Fee	\$ 2,500,000
Relocation	\$ 0
Cost of Issuance	\$ 397,057
Capitalized Interest	\$ 848,572
Other Soft Costs (Marketing, etc.)	\$ 4,201,824
Total Uses	\$ 30,300,721

Description of Financial Structure and Bond Issuance:

JP Morgan Chase, N.A. will provide a private placement of tax-exempt private activity bonds in the amount of \$19,500,000 that will serve as both the construction and permanent loans. The construction loan term will be 24 months and will carry a variable interest rate based on 30-day LIBOR multiplied by .0788 plus a 1.34% spread. The permanent loan will be at a fixed rate equal to the 10-year swap rate multiplied by .0788 plus a spread of 3.24%. The permanent loan will have a 32-year term and 30-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: 82.5 out of 130

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$19,500,000 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]	0
Gross Rents	5	5	5
Large Family Units	5	5	5
Leveraging	10	10	10
Community Revitalization Area	15	15	0
Site Amenities	10	10	7.5
Service Amenities	10	10	0
New Construction	10	10	10
Sustainable Building Methods	10	10	10
Negative Points	-10	-10	0
Total Points	130	100	82.5

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.