

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: Crystal Alvarez

Applicant: California Municipal Finance Authority

Allocation Amount Requested:
Tax-exempt: \$8,922,815

Project Information:
Name: Del Prado Apartments and Delta Manor Apartments
Project Address: 3878 Beyer Blvd. / 4245 Delta Street
Project City, County, Zip Code: San Diego, San Diego, 92173/92113

Project Sponsor Information:
Name: DP-DM Housing Partners, L.P. (Del Prado Interfaith Housing Corporation)
Principals: Matthew B. Jumper
Property Management Company: Interfaith Housing Assistance Corporation

Project Financing Information:
Bond Counsel: Quint & Thimmig LLP
Private Placement Purchaser: Union Bank, N.A. (construction) / California Community Reinvestment Corporation (Permanent)
TEFRA Hearing Date: October 9, 2012

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 80, plus 2 manager units
Type: Acquisition and Rehabilitation
Type of Units: Family/Federally Assisted At-Risk

Del Prado Apartments and Delta Manor Apartments is a scattered site, at-risk project, with the two properties located in the City of San Diego approximately 10 miles apart. Del Prado Apartments is located at 3878 Beyer Boulevard in San Ysidro, a community of the City of San Diego. The project consists of six two-story apartment buildings divided into 34 one-bedroom, 16 two-bedroom, and 10 three-bedroom units with an additional one-story community building. Delta Manor, the second site is comprised of 6 one-bedroom, 10 two-bedroom and 6 three-bedroom units, for a total of 22 units. The scope of renovations for both sites will include interior work, such as demolition and replacement of kitchen/bath cabinets, countertops, ranges, flooring and bath tubs; replacement of windows and patio doors; replacement of sinks, faucets and toilets; installation of heating and appliances; replacement of electrical appliances including interior switches, telephone, cable jacks, fans, and smoke/CO detectors; tile work and carpeting; and remodeling of the community rooms.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
31% (25 units) restricted to 50% or less of area median income households.
69% (55 units) restricted to 60% 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: \$ 13,663,025
Estimated Hard Costs per Unit: \$ 29,707 (\$2,376,568 /80 units)
Estimated per Unit Cost: \$ 170,788 (\$13,663,025 /80 units)
Allocation per Unit: \$ 111,535 (\$8,922,815 /80 units)
Allocation per Restricted Rental Unit: \$ 111,535 (\$8,922,815 /80 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 8,922,815	\$ 4,925,000
Seller Financing/Deferred Interest	\$ 3,290,000	\$ 3,440,792
Deferred Developer Fee	\$ 1,406,984	\$ 974,685
LIH Tax Credit Equity	\$ 43,225	\$ 4,322,548
Total Sources	\$ 13,663,024	\$ 13,663,025

Uses of Funds:	
Acquisition/Land Purchase	\$ 7,180,000
On & Off Site Costs	\$ 61,143
Hard Construction Costs	\$ 2,315,425
Architect & Engineering Fees	\$ 223,000
Contractor Overhead & Profit	\$ 341,518
Developer Fee	\$ 1,475,000
Relocation	\$ 153,000
Cost of Issuance	\$ 97,000
Capitalized Interest	\$ 200,000
Other Soft Costs (Marketing, etc.)	\$ 1,616,939
Total Uses	\$ 13,663,025

Description of Financial Structure and Bond Issuance:

The tax-exempt bonds will be privately placed with Union Bank, N.A. for the construction loan and California Community Reinvestment Corporation for permanent financing. The construction loan will be interest only based on a 30-day LIBOR rate plus 1.65% (with no floor), computed on a three hundred sixty (360) day year but for the actual number of days outstanding for a term of 12 months. The California Community Reinvestment Corporation will finance the permanent loan for a term of 15 years with an amortization of 35 years. As of August 13, 2012, the interest rate will be locked for 24 months and equal to the greatest of 5.75% or a 10-year treasury index plus 350 bps fixed for 15 years. The indicative rate is 5.75%

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 \$8,922,815 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	10
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	0
New Construction	10	10	0
Sustainable Building Methods	10	10	0
Negative Points	-10	-10	0
Total Points	130	110	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.