

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: Richard Fischer

Applicant: California Housing Finance Agency

Allocation Amount Requested:
Tax-exempt: \$15,000,000

Project Information:
Name: Century Village Apartments
Project Address: 41299 Paseo Padre Parkway
Project City, County, Zip Code: Fremont, Alameda, 94539

Project Sponsor Information:
Name: New Century Village, L.P. (MP Century Village, LLC and MidPen Housing Corporation)
Principals: Matthew O. Franklin, Richard Chapura, Jan Lindenthal, Deena Soulon, Kevin Sharps and Matthew Franklin
Property Management Company: MidPen Property Management Corporation

Project Financing Information:
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Underwriter: Not Applicable
Credit Enhancement Provider: California Housing Finance Agency, NBIP US Treasury
Private Placement Purchaser: Not Applicable
TEFRA Hearing Date: October 5, 2012

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 99, plus 1 manager unit
Type: Acquisition and Rehabilitation
Type of Units: Family

This 100 unit multifamily residential apartment community is situated on 3.761 acres in Fremont, California. There are 16 one-bedroom units and 84 two-bedroom units. One of the two-bedroom units is a manager unit. Conveniently located close to BART, Safeway and schools, the target population will be 30%, 45%, 50% and 60% Average Median Income families. The project will undergo a major rehabilitation, primarily bringing the property up to modern energy efficiencies with exterior design changes.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%

77% (76 units) restricted to 50% or less of area median income households.

23% (23 units) restricted to 60% or less of area median income households.

Unit Mix: 1 & 2 bedrooms

The Project Sponsor will provide after school programs and health and wellness service programs.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$ 25,752,087	
Estimated Hard Costs per Unit:	\$ 56,207	(\$5,564,488 /99 units)
Estimated per Unit Cost:	\$ 260,122	(\$25,752,087 /99 units)
Allocation per Unit:	\$ 151,515	(\$15,000,000 /99 units)
Allocation per Restricted Rental Unit:	\$ 151,515	(\$15,000,000 /99 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 15,000,000	\$ 7,070,000
Developer Equity	\$ 0	\$ 956,736
Seller Cash Loan	\$ 141,776	\$ 141,776
LIH Tax Credit Equity	\$ 978,757	\$ 9,787,566
Direct & Indirect Public Funds	\$ 4,073,070	\$ 4,073,070
Seller Takeback	\$ 3,722,939	\$ 3,722,939
Total Sources	\$ 23,916,542	\$ 25,752,087

Uses of Funds:	
Acquisition/Land Purchase	\$ 11,509,638
Rehabilitation Costs	\$ 6,500,000
Relocation	\$ 1,670,000
Architectural	\$ 285,900
Survey & Engineering	\$ 153,661
Contingency Costs	\$ 1,117,267
Construction Period Expenses	\$ 1,026,254
Permanent Financing Expenses	\$ 40,000
Legal Fees	\$ 90,500
Capitalized Reserves	\$ 691,342
Reports & Studies	\$ 63,500
Other	\$ 477,946
Developer Costs	\$ 2,126,079
Total Uses	\$ 25,752,087

Description of Financial Structure and Bond Issuance:

This is a CalHFA New Bond Issuance Program project. The proposed financial structure is a 12 month interest only acquisition/rehabilitation loan in the amount of \$11,500,000 along with permanent loan in the amount of \$9,000,000, amortized for 35 years, with a maturity date of 16 years. The initial interest rate for both loans is 5.05%.

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: 72.5 out of 130

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$15,000,000 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]	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	7.5
Service Amenities	10	10	5
New Construction	10	10	0
Sustainable Building Methods	10	10	10
Negative Points	-10	-10	0
Total Points	130	100	72.5

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.