

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
March 13, 2013
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: \$9,439,545

Project Information:
Name: Sierra Vista I Apartments
Project Address: 1909 Hackett Avenue
Project City, County, Zip Code: Mountain View, Santa Clara, 94043

Project Sponsor Information:
Name: Sierra Vista I, L.P. (Sierra Vista I Charities, LLC)
Principals: Daniel Wu, Greg Kepferle, Michael Schall, Mark Mikl and
Hugh Isola
Property Management Company: Charities Housing

Project Financing Information:
Bond Counsel: Jones Hall, A Professional Law Corporation
Private Placement Purchaser: Citibank, N.A.
TEFRA Hearing Date: January 22, 2013

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 33, plus 1 manager unit
Type: Acquisition and Rehabilitation
Type of Units: Family

Sierra Vista I Apartments is located on a 1.8 acre site and was originally constructed in 1974. There are 34 apartments located in 5 buildings. The buildings are all wood frame slab on grade, two-story townhome style construction. The rehabilitation will include new fiber cement siding and insulation will be installed in the exterior walls. The asphalt shingled roofs on the residential buildings will also be replaced. Minor upgrades to the electrical, plumbing and mechanical fixtures such as; changing 100% of existing light fixture to fluorescent fixtures, installing low flow toilets, faucets and shower heads and cleaning/replacing duct work as necessary to ensure more efficient operation of heating systems will be completed.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 88%

79% (26 units) restricted to 50% or less of area median income households.

9% (3 units) restricted to 60% or less of area median income households.

Unit Mix: 2, 3 & 4 bedrooms

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$	17,712,404	
Estimated Hard Costs per Unit:	\$	92,385	(\$3,048,708 /33 units)
Estimated per Unit Cost:	\$	536,740	(\$17,712,404 /33 units)
Allocation per Unit:	\$	286,047	(\$9,439,545 /33 units)
Allocation per Restricted Rental Unit:	\$	286,047	(\$9,439,545 /29 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 9,439,545	\$ 4,464,100
LIH Tax Credit Equity	\$ 241,224	\$ 4,822,561
Direct & Indirect Public Funds	\$ 375,311	\$ 375,311
Other (Seller Financing)	\$ 7,154,419	\$ 8,050,433
Total Sources	\$ 17,210,499	\$ 17,712,405

Uses of Funds:	
Acquisition/Land Purchase	\$ 10,641,418
On & Off Site Costs	\$ 176,418
Hard Construction Costs	\$ 2,872,290
Architect & Engineering Fees	\$ 434,447
Contractor Overhead & Profit	\$ 184,024
Developer Fee	\$ 1,066,563
Relocation	\$ 410,000
Cost of Issuance	\$ 267,127
Capitalized Interest	\$ 717,921
Other Soft Costs (Marketing, etc.)	\$ 942,197
Total Uses	\$ 17,712,405

Description of Financial Structure and Bond Issuance:

The tax-exempt bonds will be privately placed with Citibank, N.A. The construction loan will be for a term of 18-months with a variable rate equal to SIFMA plus a spread of 2.5%. The Permanent loan will have two tranches. The first tranche will carry a term of 15 years and an amortization of 35 years. The second tranche will carry a term of 15 years and an amortization of 20 years. The interest rate will be dependent upon market conditions at the time of closing the loan, based on a 17 year maturity "AAA" bond rate as published by Thompson Municipal Market Monitor plus a spread of 2.50% and 2.30% respectively for Tranche A and B.

Analyst Comments:

The California Municipal Finance Authority requested that the Committee certify that the application submitted is complete. This certification was provided in order to preserve the Difficult to Develop Area (DDA) designation of the project.

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 \$9,439,545 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	5
Leveraging	10	10	0
Community Revitalization Area	15	15	0
Site Amenities	10	10	5
Service Amenities	10	10	0
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.