

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: Richard Fischer

Applicant: California Statewide Communities Development Authority

Allocation Amount Requested:
Tax-exempt: \$23,000,000

Project Information:
Name: St. John's Apartments
Project Address: 121 W. MacDonald Avenue
Project City, County, Zip Code: Richmond, Contra Costa, 94801

Project Sponsor Information:
Name: St. John's Partners, L.P. (St. John's Management, LLC and AOF/Pacific Affordable Housing, Corporation)
Principals: Stephen R. Whyte for St. John's Management, LLC and Philip Kennedy and Raman Nayar for AOF/Pacific Affordable Housing Corporation.
Property Management Company: Evans Property Management, Inc.

Project Financing Information:
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Private Placement Purchaser: PNC Bank, N.A./ Fannie Mae
TEFRA Hearing Date: December 18, 2012

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 156, plus 2 manager units
Type: Acquisition and Rehabilitation
Type of Units: Family

Saint John's Apartments is located on a 6.47 acre site and was built in 1970 and renovated in 2004. There are a total of 158 apartments including two manager's units. All the floor plans are the same for each unit type with a full kitchen, living room, dining room, kitchen and bath. Scope of the rehabilitation work includes new common restrooms and community room, computer learning center, new roofing and replacement of damaged siding and the addition of an extensive camera/security system The units will receive new flooring, kitchen cabinets and countertops, plumbing upgrades, replacement/upgrades to the gas fired furnaces, addition of thermal insulation as necessary and replacement of ventilation systems. Work will commence in April 2013 and conclude in February 2014.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
20% (31 units) restricted to 50% or less of area median income households.
80% (125 units) restricted to 60% or less of area median income households.
Unit Mix: Studio, 1, 2 & 3 bedrooms

There are no service amenities.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost: \$ 33,695,649
Estimated Hard Costs per Unit: \$ 54,838 (\$8,554,710 /156 units)
Estimated per Unit Cost: \$ 215,998 (\$33,695,649 /156 units)
Allocation per Unit: \$ 147,436 (\$23,000,000 /156 units)
Allocation per Restricted Rental Unit: \$ 147,436 (\$23,000,000 /156 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 23,000,000	\$ 23,000,000
LIH Tax Credit Equity	\$ 9,802,000	\$ 9,802,000
Deferred Developer Fee	\$ 893,649	\$ 893,649
Total Sources	\$ 33,695,649	\$ 33,695,649

Uses of Funds:	
Acquisition/Land Purchase	\$ 19,000,000
Hard Construction Costs	\$ 8,554,710
Architect & Engineering Fees	\$ 150,000
Contractor Overhead & Profit	\$ 600,000
Developer Fee	\$ 2,500,000
Relocation	\$ 200,000
Cost of Issuance	\$ 158,300
Reserves	\$ 1,500,000
Other Soft Costs (Marketing, etc.)	\$ 1,032,639
Total Uses	\$ 33,695,649

Description of Financial Structure and Bond Issuance:

This is a PNC, N.A. Fannie Mae transaction. PNC will providing the construction loan as well as the permanent loan. The permanent period loan will have a term of 18 years and an amortization of 35 years. The interest rate will be dependent upon market conditions at the time and is currently estimated at 5.01%. Using a fixed rate bond structure the rate will be based on the "AAA" tax-exempt bonds plus guaranty and servicing , and issuer and trustee fees.

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 \$23,000,000 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	30
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	0
Community Revitalization Area	15	15	10
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	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.