

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
September 18, 2013
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Richard Fischer

Applicant: California Municipal Finance Authority

Allocation Amount Requested:
Tax-exempt: \$50,000,000

Project Information:
Name: Meadowbrook Apartments
Project Address: 7844 Paradise Valley Road
Project City, County, Zip Code: San Diego, San Diego, 92139

Project Sponsor Information:
Name: Meadowbrook Housing Partners, LP (Meadowbrook Housing Partners MGP, LLC)
Principals: Steve Whyte and Jon Webb
Property Management Company: USRG (California) Inc.

Project Financing Information:
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Private Placement Purchaser: Citibank, N.A.
TEFRA Hearing Date: June 18, 2013

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 443, plus 5 manager units
Type: Acquisition and Rehabilitation
Type of Units: Family/Federally Assisted At-Risk

The project was built in 1969-1970 on over 21 flat acres of land. The project will undergo an extensive rehabilitation to address deferred maintenance, improve the physical nature of the property and address long term capital needs. Updating the windows, a complete reroofing of all buildings, new kitchens and baths along with painting all the buildings. Rehab will include updating all community spaces such as the community kitchen, meeting space and offices.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
30% (134 units) restricted to 50% or less of area median income households.
70% (309 units) restricted to 60% or less of area median income households.
Unit Mix: 2 & 3 bedrooms

No service amenities.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost: \$ 80,500,000
Estimated Hard Costs per Unit: \$ 31,169 (\$13,808,000 /443 units)
Estimated per Unit Cost: \$ 181,716 (\$80,500,000 /443 units)
Allocation per Unit: \$ 112,867 (\$50,000,000 /443 units)
Allocation per Restricted Rental Unit: \$ 112,867 (\$50,000,000 /443 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 50,000,000	\$ 0
Taxable Bond Proceeds	\$ 5,000,000	\$ 55,000,000
Developer Equity	\$ 1,000,000	\$ 1,000,000
LIH Tax Credit Equity	\$ 24,500,000	\$ 24,500,000
Total Sources	\$ 80,500,000	\$ 80,500,000

Uses of Funds:	
Acquisition/Land Purchase	\$ 52,530,000
On & Off Site Costs	\$ 2,761,000
Hard Construction Costs	\$ 11,047,000
Architect & Engineering Fees	\$ 200,000
Contractor Overhead & Profit	\$ 1,933,120
Developer Fee	\$ 2,500,000
Relocation	\$ 750,000
Cost of Issuance	\$ 800,000
Capitalized Interest	\$ 550,000
Other Soft Costs (Marketing, etc.)	\$ 7,428,880
Total Uses	\$ 80,500,000

Description of Financial Structure and Bond Issuance:

The project will be financed with tax exempt private activity bonds. Construction and permanent financing will be provided by Citibank, N.A. Citibank will provide Tax-Exempt \$50,000,000 and Taxable \$5,000,000 bond amounts during the construction phase and \$55,000,000 of taxable bonds during the permanent phase. The construction loan will be for 24 months and the permanent loan will be amortized over a 35 year period. The current estimated bond interest rate will be .7%

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: 71.7 out of 130

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$50,000,000 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	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	5
Leveraging	10	10	3.2
Community Revitalization Area	15	15	0
Site Amenities	10	10	7.5
Service Amenities	10	10	0
New Construction	10	10	0
Sustainable Building Methods	10	10	6
Negative Points	-10	-10	0
Total Points	130	110	71.7

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.