

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
December 11, 2013
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Sarah Lester

Applicant: City of Hayward

Allocation Amount Requested:
Tax-exempt: \$5,608,749

Project Information:
Name: Hayward Senior Housing II Apartments
Project Address: 22605 Grand Street
Project City, County, Zip Code: Hayward, Alameda, 94541

Project Sponsor Information:
Name: B Grand, LP (Eden Development, Inc.)
Principals: Linda Mandolini, Kathleen Hamm and Calvin Whitaker
Property Management Company: Eden Housing Management, Inc.

Project Financing Information:
Bond Counsel: Jones Hall, A Professional Law Corporation
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Private Placement Purchaser: Silicon Valley Bank (const. only)
TEFRA Hearing Date: March 26, 2013

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 21, plus 1 manager unit
Type: New Construction
Type of Units: Senior Citizens

The proposed project is a new construction senior development located in the City of Hayward, County of Alameda. It will consist of 22 one-bedroom units of affordable senior housing being development by Eden Housing, Inc. The project will target extremely low and very low income senior households earning between 30% and 50% of the Area Median Income. The development will include a single L-shaped building with a 546 square foot community room, computer lab, management office and a second floor lounge. The building will be two stories high and will be serviced by a single elevator. The project is a green, sustainable and transit-oriented development and exceeds Title 24's energy and resource efficiency thresholds by 25%. According to the application, the project will score 125 points on the Green Point Rating and will be certified. Construction is anticipated to begin in August 2014.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
100% (21 units) restricted to 50% or less of area median income households.
Unit Mix: 1 bedroom

No service amenities will be provided for the proposed project.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost: \$ 10,433,046
Estimated Hard Costs per Unit: \$ 240,270 (\$5,045,668 /21 units)
Estimated per Unit Cost: \$ 496,812 (\$10,433,046 /21 units)
Allocation per Unit: \$ 267,083 (\$5,608,749 /21 units)
Allocation per Restricted Rental Unit: \$ 267,083 (\$5,608,749 /21 restricted units)

The Project has total project costs that appear high for the geographic area in which it is located. According to the Project sponsor, the high cost is due to: 1) The project is only building 22 units; 2) City parking requirements adds considerable construction costs to the budget; 3) Extremely tight infill site; 4) The City's requirement that the building comport with its Upper B Street Neighborhood Plan; and 5) Design of building facade.

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 5,608,749	\$ 0
Developer Equity	\$ 0	\$ 100
LIH Tax Credit Equity	\$ 0	\$ 3,826,750
Direct & Indirect Public Funds	\$ 3,084,999	\$ 6,579,199
Other (Accrued Int. on Soft Loan [constr.])	\$ 26,997	\$ 26,997
Total Sources	\$ 8,720,745	\$ 10,433,046

Uses of Funds:	
Acquisition/Land Purchase	\$ 600,000
On & Off Site Costs	\$ 694,592
Hard Construction Costs	\$ 4,351,076
Architect & Engineering Fees	\$ 405,450
Contractor Overhead & Profit	\$ 1,008,011
Developer Fee	\$ 1,178,222
Cost of Issuance	\$ 98,842
Other Soft Costs (Marketing, etc.)	\$ 2,096,853
Total Uses	\$ 10,433,046

Description of Financial Structure and Bond Issuance:

The financial structure for the proposed project will be a private placement transaction provided by Silicon Valley Bank ("Bank"). The Bank will provide a construction loan in the amount of \$5,608,749 for a term of 24 months, with one three-month extension option. Interest on the loan will be calculated on the basis of a 360-day year and actual days elapsed, which results in more interest than if a 365-day year were used. The Loan will bear interest at the fixed rate of 2.5%. Other financing to be provided will consist of AHP funds (\$210,000); HUD Capital Advance (\$3,494,200); funds from the City of Hayward (\$1,875,000); and \$400,000 from the County of Alameda. There will be no permanent debt on the project. The bonds will be issued by the City of Hayward.

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: 87.5 out of 130
[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$5,608,749 in tax exempt bond allocation on a carryforward basis.

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	10
Community Revitalization Area	15	15	0
Site Amenities	10	10	7.5
Service Amenities	10	10	0
New Construction	10	10	10
Sustainable Building Methods	10	10	10
Negative Points	-10	-10	0
Total Points	130	100	87.5

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.