

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
January 15, 2014
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Sarah Lester

Applicant: California Municipal Finance Authority

Allocation Amount Requested:
Tax-exempt: \$19,019,585

Project Information:
Name: Garfield Park Village Apartments
Project Address: 721 Bay Street
Project City, County, Zip Code: Santa Cruz, Santa Cruz, 95060

Project Sponsor Information:
Name: Garfield Park Village, LP (GPV Housing, LLC)
Principals: Don Stump
Property Management Company: Christian Church Homes (CCH)

Project Financing Information:
Bond Counsel: Quint & Thimmig LLP
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Private Placement Purchaser: Citibank, N.A.
TEFRA Hearing Date: November 26, 2013

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 93, plus 1 manager unit
Type: Acquisition and Rehabilitation
Type of Units: Senior Citizens

The proposed project is an existing senior housing property located in the City and County of Santa Cruz. It is one of the very first affordable senior housing projects funded by HUD under the Section 202 Supportive Housing for the Elderly Program. In 1964, Christian Church Homes (CCH) built 48 units in 12 cottages on a large site in Santa Cruz, California. Four years later in 1968, CCH built 46 units in a two-story building. The property consists of 2-bedroom, 1-bedroom and studio apartments. The development is situated on an irregular, flat 3.9 acre parcel. The property is designated to serve 100% seniors age 62 or older, per the HUD 202 Use Agreement. The project is expected to be completed in four (4) phases over 16 months. The scope of the rehabilitation will include site work, apartment/cottages rehabilitation, and administration building rehabilitation. Construction is anticipated to start in April 2014 and completed in August 2015.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 88%
74% (69 units) restricted to 50% or less of area median income households.
14% (13 units) restricted to 60% or less of area median income households.
Unit Mix: Studio, 1 & 2 bedrooms

The proposed project commits to providing a bona fide service coordinator/social worker as a service amenity for a minimum of 10 years on a regular, ongoing nature that will be free of charge to the residents.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$	34,224,214	
Estimated Hard Costs per Unit:	\$	91,416	(\$8,501,687 /93 units)
Estimated per Unit Cost:	\$	368,002	(\$34,224,214 /93 units)
Allocation per Unit:	\$	204,512	(\$19,019,585 /93 units)
Allocation per Restricted Rental Unit:	\$	231,946	(\$19,019,585 /82 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 19,019,585	\$ 8,981,200
Developer Equity	\$ 406,572	\$ 406,572
Deferred Developer Fee	\$ 732,032	\$ 732,032
LIH Tax Credit Equity	\$ 529,421	\$ 10,588,410
Direct & Indirect Public Funds	\$ 1,058,310	\$ 2,753,310
Cost Deferred until Perm Closing	\$ 1,715,704	\$ 0
Other (Capital Contributions)	\$ 10,762,590	\$ 10,762,690
Total Sources	\$ 34,224,214	\$ 34,224,214

Uses of Funds:	
Acquisition/Land Purchase	\$ 12,574,750
On & Off Site Costs	\$ 623,047
Hard Construction Costs	\$ 7,878,640
Architect & Engineering Fees	\$ 1,240,122
Contractor Overhead & Profit	\$ 1,345,309
Developer Fee	\$ 2,500,000
Relocation	\$ 2,000,000
Cost of Issuance	\$ 450,328
Owner-Held Contingency	\$ 2,264,809
Capitalized Interest	\$ 1,467,391
Other Soft Costs (Marketing, etc.)	\$ 1,879,818
Total Uses	\$ 34,224,214

Description of Financial Structure and Bond Issuance:

The financial structure of the proposed project will be a "loan to lender" private placement transaction provided by Citibank, N.A. In lieu of purchasing a bond issued by an Issuer, Citibank, N.A. ("Bank") will provide a tax exempt loan to a Governmental Lender, the California Municipal Finance Authority ("CMFA"), in the amount of \$19,019,585. The loan is referred to as the Funding Loan. The construction period Funding Loan will carry a floating rate during construction, based on 2.0% over 30 day LIBOR. The permanent period loan will have a term of 18 years with an amortization period of 35 years. The interest rate will be dependent upon market conditions at the time of closing the loan, based on 18 year LIBOR plus a spread of 2.25%. Currently, the permanent term interest rate will be approximately 5.68% not including any potential issuer 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: 73.7 out of 130

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$19,019,585 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	5.7
Community Revitalization Area	15	15	0
Site Amenities	10	10	10
Service Amenities	10	10	5
New Construction	10	10	0
Sustainable Building Methods	10	10	3
Negative Points	-10	-10	0
Total Points	130	100	73.7

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.