

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: Leslie J. Campaz

Applicant: California Municipal Finance Authority

Allocation Amount Requested:
Tax-exempt: \$5,886,800

Project Information:
Name: Montgomery Plaza Apartments
Project Address: 21659 Montgomery Plaza
Project City, County, Zip Code: Hayward, Alameda, 94541

Project Sponsor Information:
Name: Eden Housing, Inc.
Principals: Calvin Whitaker, Kathleen Hamm, and Linda Mandolini
Property Management Company: Eden Housing Management, Inc.

Project Financing Information:
Bond Counsel: Jones Hall, A Professional Law Corporation
Private Placement Purchaser: Citibank, N.A. (Construction only)
TEFRA Hearing Date: July 30, 2013

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 49, plus 1 manager unit
Type: Acquisition and Rehabilitation
Type of Units: Senior Citizens/Federally Assisted At-Risk

The proposed project is an existing 50-unit (all one-bedroom apartments) senior apartment complex located in the City of Hayward. The project serves seniors with incomes at or below 60% of the area median income. The scope of work will include replacement of all windows and sliding doors with modern double-glazed vinyl windows, ADA upgrades to all common areas, deck repair, resurfaced counters and new sinks and faucets, flooring, carpet, and the creation of a small service coordination office.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%

31% (15 units) restricted to 50% or less of area median income households.

69% (34 units) restricted to 60% or less of area median income households.

Unit Mix: 1 bedroom

No service amenities are included.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$ 10,400,744	
Estimated Hard Costs per Unit:	\$ 36,623	(\$1,794,548 /49 units)
Estimated per Unit Cost:	\$ 212,260	(\$10,400,744 /49 units)
Allocation per Unit:	\$ 120,122	(\$5,886,800 /49 units)
Allocation per Restricted Rental Unit:	\$ 120,122	(\$5,886,800 /49 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 5,886,800	\$ 0
Taxable Debt Proceeds	\$ 0	\$ 5,886,800
Developer Equity (Deffered Fee)	\$ 425,475	\$ 425,475
LIH Tax Credit Equity	\$ 2,809,780	\$ 3,119,035
Direct & Indirect Public Funds	\$ 0	\$ 735,000
Other (Costs deffered until Perm)	\$ 1,278,689	\$ 0
Other (Income frm Ops during Rehab)	\$	\$ 234,434
Total Sources	\$ 10,400,744	\$ 10,400,744

Uses of Funds:	
Acquisition/Land Purchase	\$ 5,025,000
Hard Construction Costs	\$ 1,794,548
Architect & Engineering Fees	\$ 220,000
Contractor Overhead & Profit	\$ 205,453
Developer Fee	\$ 1,144,299
Relocation	\$ 60,000
Capitalized Interest	\$ 103,019
Cost of Issuance	\$ 418,224
Other Soft Costs (Marketing, etc.)	\$ 1,430,201
Total Uses	\$ 10,400,744

Description of Financial Structure and Bond Issuance:

This will be a loan to lender private placement bond transaction provided by Citibank, N.A. The bonds will be issued by the California Municipal Finance Authority. The tax-exempt construction period will be for 18 months and will carry a floating rate based on 0.35% over one year Municipal Market Data. All the time of application, MMD was approximately 0.18%. Security for the Borrower Loan will be cash collateral funded from a taxable FHA 223(f) loan that will close at the start of construction. The FHA loan will have a term of 35 years with an amortization period of 35 years. The interest rate will be dependent upon market conditions at the time of closing the loan. At the time of application, the permanent term interest rate was approximately 4.5%.

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: 67.5 out of 130
[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$5,886,800 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	20
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	0
Leveraging	10	10	0
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	0
Negative Points	-10	-10	0
Total Points	130	110	67.5

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.