

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
March 19, 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: \$11,000,000

Project Information:
Name: Monument Arms Apartments
Project Address: 261 E. Alaska Ave
Project City, County, Zip Code: Fairfield, Solano, 94533

Project Sponsor Information:
Name: Monument Arms Communities Partners, LP (JHC-Monument Arms LLC; WNC-Monument Arms Partners G/P, LLC)
Principals: Laura Archuleta and Marcy Torres for JHC-Monument Arms LLC; Wilfred N. Cooper Jr. for WNC-Monument Arms Partners
Property Management Company: The John Stewart Company

Project Financing Information:
Bond Counsel: Jones Hall, A Professional Law Corporation
Credit Enhancement Provider: Not Applicable
Private Placement Purchaser: Citibank, N.A.
TEFRA Adoption Date: February 11, 2014

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 91, plus 1 manager unit
Type: Acquisition and Rehabilitation
Type of Units: Family/Federally Assisted At-Risk

The proposed acquisition and rehabilitation project is an existing family housing facility located in the City of Fairfield. The project will target families earning up to 60% of the area median income. The development consists of 14 two-story garden style buildings containing 92 studio, one, two, three, and four bedroom units and a single one-story community building. The site is located in a primarily residential neighborhood and a variety of appropriate services exist in close proximity to the site. The Northbay Medical Center, Fairfield's only major hospital center, is located approximately 1.23 miles from the property. Access to groceries, pharmacy, and shopping is located within reasonable walking distance of the site.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 97%
33% (30 units) restricted to 50% or less of area median income households.
64% (58 units) restricted to 60% or less of area median income households.
Unit Mix: Studio, 1, 2, 3 & 4 bedrooms

No service amenities are included.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost: \$ 14,886,852
Estimated Hard Costs per Unit: \$ 33,675 (\$3,064,397 /91 units)
Estimated per Unit Cost: \$ 163,592 (\$14,886,852 /91 units)
Allocation per Unit: \$ 120,879 (\$11,000,000 /91 units)
Allocation per Restricted Rental Unit: \$ 125,000 (\$11,000,000 /88 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 11,000,000	\$ 8,465,275
Developer Equity	\$ 900,959	\$ 900,959
LIH Tax Credit Equity	\$ 1,815,840	\$ 4,350,565
Other (NOI Bridge Loan Interest)	\$ 1,170,053	\$ 1,170,053
Total Sources	\$ 14,886,852	\$ 14,886,852

Uses of Funds:	
Acquisition/Land Purchase	\$ 6,600,000
Hard Construction Costs	\$ 3,064,397
Architect & Engineering Fees	\$ 405,000
Contractor Overhead & Profit	\$ 546,162
Developer Fee	\$ 1,700,000
Relocation	\$ 200,000
Cost of Issuance	\$ 381,925
Capitalized Interest	\$ 607,175
Other Soft Costs (Marketing, etc.)	\$ 1,382,193
Total Uses	\$ 14,886,852

Description of Financial Structure and Bond Issuance:

The proposed project will be a private placement transaction provided by Citibank, N.A. The bonds will be issued by the California Municipal Finance Authority. The construction phase will be for a period of 24 months with an interest rate priced at a floating interest rate equal to 30-day LIBOR plus 2.25%, roughly 3%. The permanent loan will have a term of 30 years following conversion with an amortization period of 35 years. The permanent period interest rate will be a 17-year LIBOR swap plus 2.00%, currently estimated to be 6.00%.

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 \$11,000,000 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	0
Community Revitalization Area	15	15	0
Site Amenities	10	10	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	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.