

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.