

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
May 21, 2014
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Leslie J. Campaz

Applicant: California Affordable Housing Agency

Allocation Amount Requested:
Tax-exempt: \$3,800,000

Project Information:
Name: Crosswood Apartments
Project Address: 646 3rd Street and 641-645 2nd Street
Project City, County, Zip Code: Woodland, Yolo, 95695

Project Sponsor Information:
Name: Yolo County Housing and New Hope Community Development Corporation (Yolo County Housing and New Hope Community Development Corporation)
Principals: Cecilia Aguiar-Curry, Skip Davies, Mark Stern and Lisa A. Baker for both entities.
Property Management Company: FPI Management Inc.

Project Financing Information:
Bond Counsel: Jones Hall, A Professional Law Corporation
Underwriter: Not Applicable
Private Placement Purchaser: CBRE Capital Markets
TEFRA Adoption Date: January 15, 2013

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 47, with 1 manager's unit
Type: Acquisition and Rehabilitation
Type of Units: Family

The proposed acquisition and rehabilitation project is an existing 48-unit multi-family apartment development located in the City of Woodland, California. The project targets families earning up to 60% of the area median income. The unit mix is comprised of 17 one-bedroom units and 30 two-bedroom units. The scope of rehabilitation will include interior improvements such as appliances, bathroom fixtures, carpet, painting, and lighting. Exterior improvements will include siding, gutter and roof repair, painting, dry rot repair, landscaping, playground equipment, and parking lot resealing.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
77% (36 units) restricted to 50% or less of area median income households.
23% (11 units) restricted to 60% or less of area median income households.
Unit Mix: 1 & 2 bedrooms

No service amenities will be provided.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$	7,221,501	
Estimated Hard Costs per Unit:	\$	41,318	(\$1,941,951 /47 units)
Estimated per Unit Cost:	\$	153,649	(\$7,221,501 /47 units)
Allocation per Unit:	\$	80,851	(\$3,800,000 /47 units)
Allocation per Restricted Rental Unit:	\$	80,851	(\$3,800,000 /47 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 3,800,000	\$ 3,800,000
LIH Tax Credit Equity	\$ 1,500,000	\$ 2,515,006
Direct and Indirect Public Funds	\$ 914,775	\$ 150,000
Other(Dev Fee, Permanent Financing Costs)	\$ 1,006,726	\$ 756,495
Total Sources	\$ 7,221,501	\$ 7,221,501

Uses of Funds:	
Acquisition/Land Purchase	\$ 2,940,000
Hard Construction Costs	\$ 1,941,951
Architect & Engineering Fees	\$ 115,000
Contractor Overhead & Profit	\$ 271,873
Developer Fee	\$ 880,962
Relocation	\$ 30,000
Capitalized Interest	\$ 77,140
Cost of Issuance	\$ 55,000
Other Soft Costs (Marketing, etc.)	\$ 909,575
Total Uses	\$ 7,221,501

Description of Financial Structure and Bond Issuance:

CBRE HMF has committed to fund the amount awarded by California Debt Limit Allocation Committee (\$3,800,000) to the Issuer, the California Affordable Housing Agency, to directly purchase the tax-exempt bonds allocated to Crosswood Apartments for construction and permanent financing. The HUD FHA Mortgage Insurance Premium is 45 bps per annum, calculated based on the outstanding unpaid principal balance of the Mortgage Loan at the time of calculation. The permanent mortgage loan term is for 35 years with an amortization period of 35 years. Lock Out and Prepayment period is negotiable at closing with normally a 2 year lockout followed by declining payment penalties of 8%, 7%, 6%, 5%, 4%, 3%, 2% and 1%. The underwriting interest rate is estimated to be 3.50%.

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: 62.5 out of 130
[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$3,800,000 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	0
Leveraging	10	10	0
Community Revitalization Area	15	15	0
Site Amenities	10	10	2.5
Service Amenities	10	10	0
New Construction	10	10	0
Sustainable Building Methods	10	10	10
Negative Points	-10	-10	0
Total Points	130	110	62.5

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.