

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
December 10, 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: \$300,000

The amount of allocation requested is supplemental to the \$4,000,000 of allocation the Project received on September 17, 2014.

Project Information:

Name: Maple Park Phase 2 Apartments (sup)
Project Address: 9915 Maple Park
Project City, County, Zip Code: Live Oak, Sutter, 95953

Project Sponsor Information:

Name: To be formed, LP (CHIP) (Community Housing Improvement Program, Inc. & Regional Housing Authority of Sutter and Nevada Counties)
Principals: Joe Feist, Lori Hoffman, Jan Camozzi, Ed Mayer and David Ferrier for CHIP; and Linda Nichols and Gail Allen for Regional Housing Authority of Sutter and Nevada Counties
Property Management Company: Community Housing Improvement Program, Inc. (CHIP)

Project Financing Information:

Bond Counsel: Jones Hall, A Professional Law Corporation
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Private Placement Purchaser: Wells Fargo Bank, N.A.
TEFRA Adopted Date: June 18, 2014

Description of Proposed Project:

State Ceiling Pool: Rural
Total Number of Units: 34, plus 1 manager unit
Type: New Construction
Type of Units: Senior Citizens

The proposed project will be a new construction 35-unit senior project located in the City of Live Oak, County of Sutter. It will be built on a 0.45 acre parcel. The complex includes one (1) three-story elevator serviced building with a wood framed construction. There will be 32 one-bedroom units and three (3) two-bedroom units (one designated for the on-site manager). The target population will be seniors 55 years or older. Thirty-four (34) of the units will be restricted to households with incomes no greater than 60% of the Sutter County area median income. Construction is estimated to begin in January 2015 and completed by January 2016.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
74% (25 units) restricted to 50% or less of area median income households.
26% (9 units) restricted to 60% or less of area median income households.
Unit Mix: 1 & 2 bedrooms

There will be no services amenities provided for the proposed project.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$	8,814,557	
Estimated Hard Costs per Unit:	\$	149,436	(\$5,080,820 /34 units)
Estimated per Unit Cost:	\$	259,252	(\$8,814,557 /34 units)
Allocation per Unit:	\$	126,471	\$4,300,000 /34 units)
Allocation per Restricted Rental Unit:	\$	126,471	\$4,300,000 /34 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 4,300,000	\$ 550,000
LIH Tax Credit Equity	\$ 305,084	\$ 3,050,838
Direct & Indirect Public Funds	\$ 3,476,922	\$ 5,191,141
Other (Costs Deferred until Perm Closing)	\$ 732,551	\$ 22,578
Total Sources	\$ 8,814,557	\$ 8,814,557

Uses of Funds:	
Acquisition/Land Purchase	\$ 75,000
On-site & Off-site Costs	\$ 297,405
Hard Construction Costs	\$ 4,783,415
Architect & Engineering Fees	\$ 659,051
Contractor Overhead & Profit	\$ 249,197
Developer Fee	\$ 750,000
Cost of Issuance	\$ 227,396
Capitalized Interest	\$ 221,077
Other Soft Costs (Marketing, etc.)	\$ 1,552,016
Total Uses	\$ 8,814,557

Description of Financial Structure and Bond Issuance:

The financial structure for the proposed project will be a private placement transaction provided by Wells Fargo Bank, N.A. (the "Bank") for construction financing and California Community Reinvestment Corporation for permanent financing. During the construction phase, the loan term will be for 22 months and the interest rate will be a variable rate equal to the sum of the one month LIBOR rate plus a spread of 1.90%. During the permanent financing phase, both the loan term and amortization period will be for 15 years. The interest rate will be a fixed rate based on the 15-year muni bond index plus a spread of 1.75% with a floor of 4.50%. The bonds will be issued by the California Municipal Finance Authority.

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.

Recommendation:

Staff recommends that the Committee approve \$300,000 in tax exempt bond allocation on a carryforward basis.