

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: Richard Fischer

Applicant: California Municipal Finance Authority

Allocation Amount Requested:
Tax-exempt: \$12,000,000

Project Information:
Name: Sea Mist Towers Apartments
Project Address: 1451 Atlantic Avenue
Project City, County, Zip Code: Long Beach, Los Angeles, 90813

Project Sponsor Information:
Name: Sea Mist VOA Affordable Housing, L.P (Sea Mist VOA Affordable Housing, LLC)
Principals: Michael King, David Bowman, Tom Turnbull, Joseph Budsynski, Patrick Sheridan and Robin Keller.
Property Management Company: Volunteers of America National Housing Corporation

Project Financing Information:
Bond Counsel: Quint & Thimmig LLP
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Private Placement Purchaser: Wells Fargo Bank, N.A.
TEFRA Adoption Date: October 7, 2014

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 74, plus 1 manager unit
Type: Acquisition and Rehabilitation
Type of Units: Senior Citizens

Sea Mist Towers is a 75 unit senior apartment property located at 1451 Atlantic Avenue in the City of Long Beach in Los Angeles County. The project is an existing six-story fully occupied building of 58,654 gross and 39,600 rentable square feet on a lot of .39 acres. There are 18 studio units, 56 one bedroom units, and one two bedroom manager's unit. There is a community room with a full kitchen and landscaped grounds. Unit amenities include refrigerator, carpet, garbage disposal, blinds, stove/oven. Site amenities include an on-site manager and laundry facilities. The expected start of construction date is January 15, 2015, and the expected completion date is December 30, 2015.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
20% (15 units) restricted to 50% or less of area median income households.
80% (59 units) restricted to 60% or less of area median income households.
Unit Mix: Studio & 1 bedroom

There will be no service amenities.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$	19,152,663	
Estimated Hard Costs per Unit:	\$	47,505	(\$3,515,383 /74 units)
Estimated per Unit Cost:	\$	258,820	(\$19,152,663 /74 units)
Allocation per Unit:	\$	162,162	(\$12,000,000 /74 units)
Allocation per Restricted Rental Unit:	\$	162,162	(\$12,000,000 /74 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 12,000,000	\$ 8,500,000
Developer Equity	\$ 555	\$ 557
LIH Tax Credit Equity	\$ 525,592	\$ 5,525,922
Other	\$ 5,126,184	\$ 5,126,184
Total Sources	\$ 17,652,331	\$ 19,152,663

Uses of Funds:	
Acquisition/Land Purchase	\$ 11,044,745
On & Off Site Costs	\$ 55,800
Hard Construction Costs	\$ 3,459,583
Architect & Engineering Fees	\$ 121,220
Contractor Overhead & Profit	\$ 224,166
Developer Fee	\$ 2,031,528
Relocation	\$ 80,000
Cost of Issuance	\$ 127,500
Capitalized Interest	\$ 450,000
Other Soft Costs (Marketing, etc.)	\$ 1,558,121
Total Uses	\$ 19,152,663

Description of Financial Structure and Bond Issuance:

This is a Wells Fargo, N.A. Private Placement Bond transaction with the bonds being issued by California Municipal Finance Agency. The Construction terms of the loan are variable rate LIBOR plus 150 basis points with a maximum term of 24 months (including extensions). The Permanent loan rate is currently set with an indicative rate of 4.60%, 18 year term with an amortization schedule of 35 years.

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: 55 out of 130

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$12,000,000 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	0
Exceeding Minimum Income Restrictions:	35	15	30
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Federally Assisted At-Risk Project or HOPE VI Project]	[10]	[10]	10
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	10
Service Amenities	10	10	0
New Construction	10	10	0
Sustainable Building Methods	10	10	0
Negative Points	-10	-10	0
Total Points	130	100	55

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.