Agenda Item No. 7.3
Application No. 15-008

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
March 18, 2015
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Brian Clark

Applicant: California Housing Finance Agency

Allocation Amount Requested:

Tax-exempt:	$18,075,000

Project Information:

Name:	**Ocean View Senior Apartments**
Project Address:	555 Crespi Drive
Project City, County, Zip Code:	Pacifica, San Mateo, 94044

Project Sponsor Information:

Name:	Oceanview Housing Associates, LP (Crespi Drive, LLC)
Principals:	Cynthia Parker, Ann Silverberg, Kimberly McKay, Brad Wiblin, Susan Johnson & D. Valentine
Property Management Company:	Bridge Property Management Company

Project Financing Information:

Bond Counsel:	Orrick, Herrington & Sutcliffe LLP
Underwriter:	California Housing Finance Agency
Credit Enhancement Provider:	California Housing Finance Agency/HUD Risk Share
TEFRA Adoption Date:	February 19, 2015

Description of Proposed Project:

State Ceiling Pool:	General
Total Number of Units:	99, plus 1 manager unit
Type:	Acquisition and Rehabilitation
Type of Units:	Senior Citizens

The Project, consisting of two elevator-served apartment buildings and a clubhouse, is located on a 1.5 acre parcel located in a mixed residential/commercial area of Pacifica. The Project, totaling 100 one-bedroom units, will have 90 restricted units (10 units at 50% AMI and 80 units at 60% AMI), 9 market rate units and a single manager's unit. Unit amenities include blinds, carpeting, coat closet, central heating, refrigerator, stove/oven and disposal. Community amenities include a clubhouse, on-site management, picnic area and courtyard. Unit renovations will include, on an as-needed basis, new flooring, appliances, cabinets and finishes/fixtures. Exterior renovations will include replacing sump pumps, replacement of stairs, landscaping improvements, roof repairs, CMU sidewall repairs, siding replacement and painting, drainage improvements, window replacement and re-flashing, new signage, slope repairs, plumbing improvements, elevator modernization, fire-safing of the concrete slab and improvements to the leasing office and main entry. Rehabilitation is expected to begin July 1, 2015 and be completed by September 1, 2016.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 91%

10% (10 units) restricted to 50% or less of area median income households.
81% (80 units) restricted to 60% or less of area median income households.

Unit Mix: 1 bedroom

There are no service amenities.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	$	34,305,033	
Estimated Hard Costs per Unit:	$	62,549	($6,192,393 /99 units)
Estimated per Unit Cost:	$	346,515	($34,305,033 /99 units)
Allocation per Unit:	$	182,576	($18,075,000 /99 units)
Allocation per Restricted Rental Unit:	$	200,833	($18,075,000 /90 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	$ 18,075,000	$ 8,550,000
Seller Carryback Loan	$ 8,130,604	$ 8,130,604
Deferred Developer Fee	$ 800,000	$ 800,000
LIH Tax Credit Equity	$ 1,117,730	$ 11,011,446
Direct & Indirect Public Funds	$ 4,414,891	$ 4,414,891
GP Contribution	$ 100	$ 100
Costs Deferred Until Perm.	$ 1,324,278	$ 0
Accrued Interest On Soft Loans	$ 442,430	$ 442,430
Operating Income	$ 0	$ 955,562
Total Sources	$ 34,305,033	$ 34,305,033

Uses of Funds:	
Acquisition/Land Purchase	$ 19,096,199
Rehabilitation Costs	$ 7,985,953
Relocation	$ 550,000
Architectural	$ 190,000
Survey & Engineering	$ 25,000
Contingency Costs	$ 1,092,943
Construction Period Expenses	$ 1,970,538
Permanent Financing Expenses	$ 5,000
Legal Fees	$ 75,000
Capitalized Reserves	$ 412,378
Reports & Studies	$ 134,000
Developer Costs	$ 2,500,000
Other Soft Costs (Marketing, etc.)	$ 268,022
Total Uses	$ 34,305,033

Description of Financial Structure and Bond Issuance:

The bonds will be sold in a public offering and the proceeds used to fund construction and permanent loans through CalHFA's Preservation Loan and HUD's Risk Share programs. The construction phase will be for a period of 18 months, during which the construction loan will bear interest at a fixed rate estimated at 3.75%. Upon conversion to permanent phase, the bonds will be paid down to $8,550,000. The permanent loan will be fully amortized for 35 years and will bear interest at a fixed rate estimated at 5.50%.

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: 55.5 out of 130

[See Attachment A**]**

Recommendation:

Staff recommends that the Committee approve $18,075,000 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	23
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	10
Community Revitalization Area	15	15	0
Site Amenities	10	10	7.5
Service Amenities	10	10	0
New Construction	10	10	0
Sustainable Building Methods	10	10	0
Negative Points	-10	-10	0
Total Points	**130**	**100**	**55.5**

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.