

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
September 16, 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: \$8,600,000

Project Information:
Name: Maplewood Apartments
Project Address: 12713 Mapleview Street
Project City, County, Zip Code: Lakeside, San Diego, 92040

Project Sponsor Information:
Name: Lindo Housing Associates, LP (Lakeside Family Housing, LLC)
Principals: Susan M. Reynolds, Brian Kay and Anne B. Wilson for
Lakeside Family Housing, LLC
Property Management Company: ConAm Management Corporation

Project Financing Information:
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Underwriter: California Housing Finance Agency
Credit Enhancement Provider: California Housing Finance Agency/HUD Risk Share
Private Placement Purchaser: Not Applicable
TEFRA Adoption Date: July 24, 2015

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 78, plus 1 manager unit
Type: Acquisition and Rehabilitation
Type of Units: Family

The Project, constructed in 1985, is located on a 2.32 acre parcel in Lakeside. The Project, consisting of 10 two-story residential buildings, a community building and 107 surface parking spaces; houses 78 tenant units (51 two-bedroom units and 27 three-bedroom units) and a single three-bedroom manager's unit. All tenant units will be income restricted, 48 units at 50% Area Median Income ("AMI") and 30 units at 60% AMI. Unit amenities include wall-mounted heat/AC, refrigerator, dishwasher, range/oven, garbage disposal and window coverings. Community amenities include a pool, community room with learning center/computer room, laundry room and controlled-access parking areas. Unit improvements will include new windows, cabinets, countertops, kitchen appliances, bathroom fixtures and flooring. Exterior renovations will include new roofing, windows, siding and signage; painting and laundry and community room renovations/modernization. Rehabilitation should be completed by 2016.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%

62% (48 units) restricted to 50% or less of area median income households.

38% (30 units) restricted to 60% or less of area median income households.

Unit Mix: 2 & 3 bedrooms

There will be no service amenities.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$ 15,444,414	
Estimated Hard Costs per Unit:	\$ 46,685	(\$3,641,400 /78 units)
Estimated per Unit Cost:	\$ 198,005	(\$15,444,414 /78 units)
Allocation per Unit:	\$ 110,256	(\$8,600,000 /78 units)
Allocation per Restricted Rental Unit:	\$ 110,256	(\$8,600,000 /78 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 8,600,000	\$ 4,220,000
Seller Carryback Loan	\$ 2,411,129	\$ 2,411,129
Operating Income	\$ 361,556	\$ 361,556
LIH Tax Credit Equity	\$ 586,190	\$ 5,861,899
Direct & Indirect Public Funds	\$ 2,043,782	\$ 2,043,782
GP Equity	\$ 0	\$ 466,048
Existing reserves Contribution	\$	\$ 80,000
Total Sources	\$ 14,002,657	\$ 15,444,414

Uses of Funds:	
Acquisition/Land Purchase	\$ 7,110,000
On & Off Site Costs	\$ 209,868
Hard Construction Costs	\$ 3,431,532
Permits & Impact Fees	\$ 25,000
Architect & Engineering Fees	\$ 215,400
Contractor Overhead & Profit	\$ 179,135
Developer Fee	\$ 1,866,048
Relocation	\$ 233,075
Cost of Issuance	\$ 33,301
Construction & Permanent Financing	\$ 724,550
Legal	\$ 136,272
Reserves	\$ 324,925
Other Soft Costs (Marketing, etc.)	\$ 955,308
Total Uses	\$ 15,444,414

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 Acquisition/Rehabilitation Loan Program utilizing HUD Risk Sharing program insurance. During the construction financing phase the loan term will be for 18 months with a fixed interest rate of 4.95. The underwritten rate is 4.95%. During the permanent financing phase, the loan term will be for 17 years with an amortization period of 35 years at a fixed interest rate of 5.95%. The underwritten rate is 5.95%

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: 62.4 out of 130
[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$8,600,000 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	35
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Federally Assisted At-Risk Project or HOPE VI Project]	[10]	[10]	4.4
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	10
Service Amenities	10	10	0
New Construction	10	10	0
Sustainable Building Methods	10	10	3
Negative Points	-10	-10	0
Total Points	130	100	62.4

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.