

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
October 21, 2015
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Richard Fischer

Applicant: Housing Authority of the County of Monterey

Allocation Amount Requested:
Tax-exempt: \$1,724,000

Project Information:
Name: Casa de Oro Apartments
Project Address: 48 C Street
Project City, County, Zip Code: Gonzales, Monterey, 93926

Project Sponsor Information:
Name: HA RAD LLC1 (The County of Monterey Housing Authority Development Corporation [HDC] and The Housing Authority of the County of Monterey [HACM])
Principals: Starla Warren, for HDC and Jean Goebel for HACM
Property Management Company: Housing Authority of the County of Monterey

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: September 15, 2015

Description of Proposed Project:
State Ceiling Pool: Rural
Total Number of Units: 19, plus 1 manager unit
Type: Acquisition and Rehabilitation
Type of Units: Senior Citizens

Casa de Oro is the proposed rehabilitation, under the HUD RAD program, of a 20 unit public housing complex, built in 1978, targeting senior households with incomes between 0 and 40 percent of AMI. The complex consists of 18-one bedroom units with 650 square feet, and 2 two-bedroom units with 667 square feet. One of the two-bedroom units is a management unit. The buildings are wood frame construction with slab foundations and stucco exteriors. They have composition shingle roofs, dual pane vinyl windows and metal gutters and downspouts. In the interiors, there is carpet in the bedrooms and living rooms and linoleum in the bathrooms and kitchens. Interior walls are painted sheetrock with 8 foot ceilings. The units have oak style cabinetry with laminate counters, fiberglass and tile wainscoting, along with hollow core doors and sliding closet doors. The units feature standard plumbing and electrical and have individual wall furnaces and water heaters. Site amenities include a community

room, picnic area, on-site manager, and laundry room. Unit amenities will include blinds, carpet, coat closet, patio/balcony, refrigerator, and stove/oven, and disposal. Rehabilitation is expected to begin in March 2016 and be complete in May 2016. Currently 100 percent of the units are occupied. The majority of the rehabilitation will be on the exterior of the units to include a full elevator repair and energy upgrades; this site was substantially modernized in 2011 and no interior work is anticipated at this time. The scope of the rehab will include exterior updates (roof, driveway, concrete work, landscaping, exterior paint, etc.) in accordance with the Physical Capital Needs Assessment Report.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
100% (19 units) restricted to 50% or less of area median income households.
Unit Mix: 1 & 2 bedrooms

No service amenities are included.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$	3,029,170	
Estimated Hard Costs per Unit:	\$	19,256	(\$365,855 /19 units)
Estimated per Unit Cost:	\$	159,430	(\$3,029,170 /19 units)
Allocation per Unit:	\$	90,737	(\$1,724,000 /19 units)
Allocation per Restricted Rental Unit:	\$	90,737	(\$1,724,000 /19 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 1,724,000	\$ 0
LIH Tax Credit Equity	\$ 45,065	\$ 936,678
Direct & Indirect Public Funds	\$ 1,097,486	\$ 2,066,380
Other (Accrued Interest; Return of Perf. Deposit)	\$ 24,420	\$ 26,112
Total Sources	\$ 2,890,971	\$ 3,029,170

Uses of Funds:	
Acquisition/Land Purchase	\$ 1,793,571
Rehabilitation Costs	\$ 417,075
Relocation	\$ 59,257
Architectural	\$ 16,683
Contingency Costs	\$ 62,561
Permanent Financing Expenses	\$ 1,486
Construction Period Expenses	\$ 106,892
Legal Fees	\$ 39,143
Capitalized Reserves	\$ 131,507
Developer Fee	\$ 320,910
Other Soft Costs (Marketing, etc.)	\$ 80,085
Total Uses	\$ 3,029,170

Description of Financial Structure and Bond Issuance:

This is a Wells Fargo Bank, N.A. private placement bond transaction. During the construction financing phase the loan term will be for 11 months with a (variable) interest rate of 1.75% above the one month LIBOR Rate. The indicative rate is 1.95%. There is no Permanent Debt applicable to the Project.

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:

65 out of 130

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$1,724,000 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]	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	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	65

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.