

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: California Municipal Finance Authority

Allocation Amount Requested:
Tax-exempt: \$55,900,000

Project Information:
Name: American Gold Star Manor Apartments
Project Address: 3021 N Gold Star Drive
Project City, County, Zip Code: Long Beach, Los Angeles, 90810

Project Sponsor Information:
Name: TBF (Abode Communities and American Gold Star Manor)
Principals: Robin Hughes, Rick Saperstein, Holly Benson for Abode Communities; Terry Geiling, Glen Patrick for American Gold Star Manor
Property Management Company: American Gold Star Manor

Project Financing Information:
Bond Counsel: Quint & Thimmig LLP
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Private Placement Purchaser: MUFG Union Bank, N.A.
TEFRA Adoption Date: September 8, 2015

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 344, plus 3 manager units
Type: Acquisition and Rehabilitation
Type of Units: Senior Citizens/Federally Assisted At-Risk

The project site consists of 15.24 acres which includes 10 residential buildings, one community building, one maintenance building and a pool and spa. The project site is a distinct parcel, but sits on a campus which includes numerous amenities including a recreation hall, a chapel, a historic barracks building and community gardens. Work on the residential buildings will include elevator upgrades, energy efficiency upgrades, Solar Thermal, PV Panels, structural upgrades, water supply replacement, partial sewer replacement, new bathrooms and kitchens, new windows and sliders, new roofs, new balcony railings, new appliances, new flooring and interior and exterior paint. Ten percent of the units (35 units) will be made fully ADA compliant. Work on the community building will consist of ADA upgrades. Construction is anticipated to start in December 2015 and be completed in October 2018.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 98%

30% (104 units) restricted to 50% or less of area median income households.

68% (233 units) restricted to 60% or less of area median income households.

Unit Mix: Studio, 1 & 2 bedrooms

There are no service amenities.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost: \$ 106,542,601

Estimated Hard Costs per Unit: \$ 113,706 (\$39,114,907 /344 units)

Estimated per Unit Cost: \$ 309,717 (\$106,542,601 /344 units)

Allocation per Unit: \$ 162,500 (\$55,900,000 /344 units)

Allocation per Restricted Rental Unit: \$ 165,875 (\$55,900,000 /337 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 55,900,000	\$ 20,543,000
Developer Equity	\$ 100	\$ 100
Seller Note	\$ 41,707,961	\$ 41,707,961
LIH Tax Credit Equity	\$ 3,681,000	\$ 37,428,698
Accrued/deferred Interest	\$ 2,344,000	\$ 2,344,000
GP Loan	\$ 0	\$ 2,138,842
Deferred Costs during Rehab/Stabilization	\$ 2,909,540	\$ 2,380,000
Total Sources	\$ 106,542,601	\$ 106,542,601

Uses of Funds:	
Acquisition/Land Purchase	\$ 48,900,000
Rehabilitation Costs	\$ 36,000,000
Relocation	\$ 1,083,300
Architectural	\$ 920,000
Survey & Engineering	\$ 200,000
Contingency Costs	\$ 6,050,000
Permanent Financing Expenses	\$ 109,000
Construction Period Expenses	\$ 5,562,800
Cost of Issuance	\$ 895,801
Legal Fees	\$ 625,000
Local Permit Fees	\$ 300,000
Capitalized Reserves	\$ 2,104,000
Developer Fee	\$ 2,500,000
Other Soft Costs (Marketing, etc.)	\$ 1,292,700
Total Uses	\$ 106,542,601

Description of Financial Structure and Bond Issuance:

This bond transaction is a private placement transaction funded by MUFG Union Bank, N.A. During the construction financing phase the loan term will be for 65% of the 30-day LIBOR rate plus a spread (with no floor), computed on a 360 day year, but for the actual days outstanding. The underwritten rate is 3.50%. During the permanent financing phase, the loan term will be for minimum 15 years with an amortization period of 35 years at an indicative (fixed) rate of 5.10%. There was no underwritten rate provided.

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 \$55,900,000 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	10
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]	0
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	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	110	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.