

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: \$4,311,000

Project Information:
Name: Los Ositos Apartments
Project Address: 1083 Elm Avenue
Project City, County, Zip Code: Greenfield, Monterey, 93927

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, N.A.
TEFRA Adoption Date: September 15, 2015

Description of Proposed Project:
State Ceiling Pool: Rural
Total Number of Units: 49, plus 1 manager unit
Type: Acquisition and Rehabilitation
Type of Units: Senior Citizens

Los Ositos is the proposed rehabilitation, under the HUD RAD program, of a 50 unit public housing complex, built in 1983-84, targeting senior households with incomes between 0 and 40 percent of AMI. The complex consists of 49-one bedroom units with 688 square feet, and 1 two-bedroom units with 760 square feet. The two-bedroom unit 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. Rehabilitation is expected to begin in March 2016 and be complete in May 2016. Currently 100 percent of the units are occupied. Rehabilitation will include exterior upgrades to include concrete work, landscaping, seal & stripe driveway, and additional items in accordance with our PCNA. All fifty (50) units will undergo substantial interior modernization to include significant energy upgrades, windows, etc. The tenants will be temporarily displaced ten units at a time for no more than sixty days while their units are undergoing modernization efforts.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
100% (49 units) restricted to 50% or less of area median income households.
Unit Mix: 1 & 2 bedrooms

There are no service amenities included.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$	7,870,423	
Estimated Hard Costs per Unit:	\$	18,666	(\$914,638 /49 units)
Estimated per Unit Cost:	\$	160,621	(\$7,870,423 /49 units)
Allocation per Unit:	\$	87,980	(\$4,311,000 /49 units)
Allocation per Restricted Rental Unit:	\$	87,980	(\$4,311,000 /49 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 4,311,000	\$ 0
LIH Tax Credit Equity	\$ 111,664	\$ 2,341,694
Direct & Indirect Public Funds	\$ 3,041,214	\$ 5,463,450
Other (Accrued Interest, Return of Perf. Deposit)	\$ 61,049	\$ 65,279
Total Sources	\$ 7,524,927	\$ 7,870,423

Uses of Funds:	
Acquisition/Land Purchase	\$ 4,781,428
Rehabilitation Costs	\$ 1,042,688
Relocation	\$ 148,143
Architectural	\$ 41,707
Contingency Costs	\$ 156,403
Permanent Financing Expenses	\$ 3,714
Construction Period Expenses	\$ 272,231
Legal Fees	\$ 92,857
Capitalized Reserves	\$ 328,767
Developer Fee	\$ 802,275
Other Soft Costs (Marketing, etc.)	\$ 200,210
Total Uses	\$ 7,870,423

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: 67.5 out of 130

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$4,311,000 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	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	67.5

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.