

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
March 16, 2016
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Devon King

Applicant: City of Hayward

Allocation Amount Requested:
Tax-exempt: \$14,821,819

Project Information:
Name: Glen Berry and Glen Eden Apartments
Project Address: 625 Berry Ave and 561 A Street
Project City, County, Zip Code: Hayward, Alameda, 94541

Project Sponsor Information:
Name: GBGEH L.P. (GBGEH LLC)
Principals: John Gaffney, Timothy Silva, Janet Lockhart, Jim Kennedy, Linda Mandolini, Jan Peters for GBGEH LLC
Property Management Company: Eden Housing Management Inc.

Project Financing Information:
Bond Counsel: Jones Hall, A Professional Law Corporation
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Private Placement Purchaser: Wells Fargo N.A.
TEFRA Noticing Date: October 13, 2015
TEFRA Adoption Date: October 27, 2015

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 84, plus 2 manager units
Type: Acquisition and Rehabilitation
Type of Units: Family

The Glen Berry-Glen Eden scattered-site 4% Federal tax credit and tax-exempt bond project comprises two sites located in close proximity to each other in Hayward. The Glen Berry-Glen Eden project is an acquisition-rehabilitation of two existing, occupied affordable projects that are approximately 25 years old. Glen Berry comprises 50 units, with 1 residential building which includes community and maintenance spaces. It is a three-story wood-framed structures with stucco siding and tiled roofs above a podium. The project is 1.45 acres on a flat site without any unique features. It is a family project. All units have in-unit washers and dryers. Glen Eden comprises 36 units, with three residential buildings, and one management office building. These are three-story wood-framed structures with wood siding and shingled roofs. The project is .99 acres on a flat site without any unique features. It is a family project. Most units have in-unit washers and dryers, and a community laundry room is also provided. The scope of rehabilitation will include restoring the integrity of the roofs, envelopes, and windows; updating mechanical, electrical, and plumbing systems; enhancing mobility and access; modifying buildings and systems to be in conformance with changes to the building code; as budget allows, making improvements to common areas and unit interiors; and, as budget allows, "greening" and "blueing" the properties with energy and water efficiency improvements and solar energy technology. Construction is anticipated to start in July 2016 and last approximately 10 months.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%

45% (38 units) restricted to 50% or less of area median income households.
55% (46 units) restricted to 60% or less of area median income households.

Unit Mix: 1, 2 & 3 bedrooms

The proposed project will not be providing service amenities.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$ 26,589,467	
Estimated Hard Costs per Unit:	\$ 80,901	(\$6,795,667 /84 units)
Estimated per Unit Cost:	\$ 316,541	(\$26,589,467 /84 units)
Allocation per Unit:	\$ 176,450	(\$14,821,819 /84 units)
Allocation per Restricted Rental Unit:	\$ 176,450	(\$14,821,819 /84 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 14,821,819	\$ 2,698,000
Costs Deferred Until Perm Closing	\$ 635,833	\$ 0
LIH Tax Credit Equity	\$ 1,114,581	\$ 10,454,674
Acc/Def Interest Soft Loans	\$ 0	\$ 267,662
LP Equity (PV Credits)	\$ 0	\$ 173,881
Income from Operations prior to Conversion	\$ 0	\$ 386,055
GP Equity	\$ 0	\$ 1,942,774
Deferred Developer Fee	\$ 341,817	\$ 341,817
Glen Eden Perm Loan	\$ 0	\$ 399,590
(City of Hayward CDBG Acc/ Def Interest)	\$ 18,544	\$ 0
(City of Hayward CDBG)	\$ 699,764	\$ 699,764
(HCD RHCP) Acc/Def Interest	\$ 103,405	\$ 0
(HCD RHCP)	\$ 3,765,645	\$ 3,765,645
(City of Hayward HOME)	\$ 710,627	\$ 710,627
(City of Hayward Acc/Def Interest)	\$ 19,514	\$ 0
(City of Hayward CDBG Acc/ Def Interest)	\$ 13,934	\$ 0
(City of Hayward CDBG)	\$ 507,416	\$ 507,416
(HCD RHCP Acc/ Deferred Interest)	\$ 116,473	\$ 0
(HCD RHCP)	\$ 4,241,562	\$ 4,241,562
Total Sources	\$ 27,110,934	\$ 26,589,467

Uses of Funds:	
Land Cost/Acquisition	\$ 11,401,121
Rehabilitation	\$ 7,487,396
Relocation	\$ 172,000
Construction Interest and Fees	\$ 1,224,518
Architectural Fees	\$ 835,862
Permanent Financing	\$ 77,658
Legal Fees	\$ 78,762
Reserves	\$ 311,579
Contingency Cost	\$ 1,143,892
Appraisal	\$ 7,384
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 673,594
Developer Costs	\$ 3,175,701
Total Uses	\$ 26,589,467

Description of Financial Structure and Bond Issuance:

The proposed financial structure will be a private placement purchase by Wells Fargo N.A. During the construction financing phase the loan term will be for 16 months with a variable interest rate of 1.75% above Lender's quoted LIBOR Rate. During the permanent financing phase, the loan term will be for 20 years with an amortization period of 20 years at a fixed rate of 15 year AAA Municipal Bond Rate plus 175 bps.

Analyst Comments:

This project is a scattered-site project

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: 74.1 out of 140

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$14,821,819 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
Preservation Project	20	20	0
Exceeding Minimum Income Restrictions:	35	15	35
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	10
Gross Rents	5	5	5
Large Family Units	5	5	5
Leveraging	10	10	10
Community Revitalization Area	5	5	0
Site Amenities	10	10	5
Service Amenities	10	10	0
New Construction or Substantial Renovation	10	10	4.1
Sustainable Building Methods	10	10	0
Forgone Eligible Developer Fee (Competitive Allocation Process Only)	10	10	0
Minimum Term of Restrictions (Competitive Allocation Process Only)	10	10	0
Negative Points (No Maximum)	-10	-10	0
Total Points	140	120	74.1

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.