

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
May 18th, 2016
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Louise Eller

Applicant: California Municipal Finance Authority

Allocation Amount Requested: Tax-exempt: \$25,000,000

Project Information:

Name: Miraflores Senior Apartments
Project Address: South 45th and Florida Streets
Project City, County, Zip Code: Richmond, Contra Costa, 94804

Project Sponsor Information:

Name: Miraflores Senior L.P. (Miraflores, LLC)
Principals: Nick Randall, Jim Kennedy, Linda Mandolini, Jan Peters, Kathleen Hamm, Joseph Villareal, Annie King-Meredith, Kathryn Hoover, Marena Brown and Donald Gilmore for Miraflores, 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: MUFG Union Bank, N.A.
TEFRA Noticing Date: March 14, 2016
TEFRA Adoption Date: March 28, 2016

Description of Proposed Project:

State Ceiling Pool: General
Total Number of Units: 79, plus 1 manager unit
Type: New Construction
Type of Units: Senior Citizens

Miraflores Senior Apartments is a new construction project located in Richmond. The development will be a single building composed of a two-story, wood-frame structure constructed on 1.56 acre parcel. It will have 79 rental units restricted at 30%, 45% and 50% AMI and one managers' unit. All restricted units will be one-bedroom. Fifty percent of the units will be built out to meet ADA accessibility needs. All apartments are designed to allow for access by persons in wheelchairs, including all kitchens and bathrooms. Apartment bathrooms will include either tub/showers or roll-in showers. Grab bars will be installed in all bathrooms. Kitchens will be designed to accommodate mobility impairments and include features such as easily accessible shelves, counters, appliances and electrical switches. Additionally, each apartment will be wired with co-axial cable for TV. Each apartment will be equipped with a garbage disposal, refrigerator, oven, and range with hood. An energy conserving design will contribute to the development's affordability for residents, as well as long term benefit to the immediate environment. Miraflores is designed to meet and exceed the requirements of the GreenPoint Rating Program and the California Multi-Family New Homes Program. Amenities include an outdoor courtyard garden with seating, computer lab, library, laundry room and exercise room. The construction is expected to start in October 2016 and be complete in January 2018.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
100% (79 units) restricted to 50% or less of area median income households.
Unit Mix: 1 bedroom

The proposed project will provide a service coordinator for a minimum of 279.344 hour per year.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$ 34,381,476	
Estimated Hard Costs per Unit:	\$ 233,534	(\$18,449,194 /79 units)
Estimated per Unit Cost:	\$ 435,209	(\$34,381,476 /79 units)
Allocation per Unit:	\$ 316,456	(\$25,000,000 /79 units)
Allocation per Restricted Rental Unit:	\$ 316,456	(\$25,000,000 /79 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 25,000,000	\$ 7,809,000
HCD Infill Infrastructure Grant	\$ 2,702,225	\$ 2,702,225
HCD - AHSC Funds	\$ 0	\$ 4,024,606
Deferred Developer Fee	\$ 0	\$ 1,631,705
LIH Tax Credit Equity	\$ 1,379,384	\$ 14,579,788
City of Richmond Loan	\$ 1,299,258	\$ 2,799,258
Owner Equity	\$ 0	\$ 776,511
Accrued Interest on Soft Loans	\$ 58,383	\$ 58,383
Total Sources	\$ 30,439,250	\$ 34,381,476

Uses of Funds:	
Land Cost/Acquisition	\$ 2,920,250
New Construction	\$ 18,935,271
Architectural Fees	\$ 1,238,297
Survey and Engineering	\$ 480,856
Construction Interest and Fees	\$ 2,270,430
Permanent Financing	\$ 15,000
Legal Fees	\$ 96,000
Reserves	\$ 863,694
Appraisal	\$ 25,000
Contingency Cost	\$ 1,035,800
Local Development Impact Fees	\$ 1,632,428
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 674,920
Developer Costs	\$ 4,193,530
Total Uses	\$ 34,381,476

Description of Financial Structure and Bond Issuance:

The bonds will be purchased in a private placement transaction by MUFG Union Bank, N.A. During the construction financing phase the loan term will be for 24 months bearing interest at 65% of the 30-day LIBOR rate plus 1.75%. The permanent loan tranche A and B indicative "all in" fixed rate will be 6.00%. The loan term is 17 years with an amortization period of 30 years.

Analyst Comments:

None

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: 95 out of 140
[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$25,000,000 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
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	0
Leveraging	10	10	10
Community Revitalization Area	5	5	0
Site Amenities	10	10	10
Service Amenities	10	10	5
New Construction or Substantial Renovation	10	10	10
Sustainable Building Methods	10	10	10
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	95

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.