

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
October 19, 2016
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Sarah Lester

Applicant: California Municipal Finance Authority

Allocation Amount Requested: Tax-exempt: \$6,200,000

Project Information: Name: **Waverly Place Apartments**
Project Address: 105 Fifth Avenue
Project City, County, Zip Code: Redwood City, San Mateo, 94063

Project Sponsor Information: Name: Waverly Place LP (Waverly Place Apartments, LLC)
Principals: Marilyn David-Krasner, Don Mattei, Sara Furrer, Elizabeth
McManus and Melissa Platte for Waverly Place Apartments,
LLC
Property Management Company: John Stewart Company

Project Financing Information: Bond Counsel: Jones Hall, A Professional Law Corporation
Private Placement Purchaser: Wells Fargo Bank, N.A. (construction only)
Public Sale: Not Applicable
Underwriter: Not Applicable
TEFRA Noticing Date: August 23, 2016
TEFRA Adoption Date: September 6, 2016

Description of Proposed Project: State Ceiling Pool: General
Total Number of Units: 15, plus 1 manager unit
Type: New Construction
Type of Units: Family/Special Needs

Waverly Place Apartments will be developed as a permanent supportive housing project with 15 studio apartments. All 15 units will be targeted towards single homeless adults living with mental illness – 9 studio units at 15% AMI, 4 studio units at 20% AMI, 2 studio units at 30% AMI and one 1-bedroom apartment for an onsite property manager. The building design is two-story, wood frame construction, around a central courtyard and includes office space for support staff, and a community room with kitchen for residents. Laundry facilities will be provided on each floor and the cost for laundry will be kept to a minimum to ensure affordability. The site will also have a large community room with full kitchen which will serve as the site for community events and activities as well as community meals as appropriate and needed. The interior courtyard will include a raised bed garden for vegetables which will be made available to residents and for community events. Each unit will be approximately 550 square feet, with a full kitchen, full bathroom with both shower over tub, and three closets for storage. One unit will be fully accessible for an individual with mobility impairments and one unit will be fully accessible for an individual with sensory impairments. The remaining 3 studio units on the first floor will be adaptable. Construction is set to begin in November 2016 and finish in November 2018.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
100% (15 units) restricted to 50% or less of area median income households.
Unit Mix: Studio

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: \$ 10,058,078
Estimated Hard Costs per Unit: \$ 281,875 (\$4,228,121 /15 units)
Estimated per Unit Cost: \$ 628,630 (\$10,058,078 /16 units including mgr. units)
Allocation per Unit: \$ 413,333 (\$6,200,000 /15 units)
Allocation per Restricted Rental Unit: \$ 413,333 (\$6,200,000 /15 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 6,200,000	\$ 0
LIH Tax Credit Equity	\$ 295,801	\$ 2,848,008
Developer Equity	\$ 0	\$ 1,973,895
Deferred Costs	\$ 0	\$ 350,000
MHP SH	\$ 0	\$ 2,719,411
Redwood City HOME Funds	\$ 600,000	\$ 600,000
County HOME, CDBG & AHF Funds	\$ 1,350,000	\$ 1,566,764
CalHFA MHS A Loan	\$ 973,895	\$ 0
Total Sources	\$ 9,419,696	\$ 10,058,078

Uses of Funds:	
Land Cost/Acquisition	\$ 1,602,477
New Construction	\$ 4,605,904
Contractor Overhead & Profit	\$ 285,774
Architectural Fees	\$ 221,240
Survey and Engineering	\$ 108,750
Construction Interest and Fees	\$ 558,610
Permanent Financing	\$ 64,180
Legal Fees	\$ 45,000
Reserves	\$ 929,191
Appraisal	\$ 15,000
Contingency Cost	\$ 517,827
Local Development Impact Fees	\$ 20,050
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 334,075
Developer Costs	\$ 750,000
Total Uses	\$ 10,058,078

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: 62.5 out of 140

[See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$6,200,000 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	0
Community Revitalization Area	5	5	0
Site Amenities	10	10	2.5
Service Amenities	10	10	0
New Construction or Substantial Renovation	10	10	10
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	62.5

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.