

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
May 16, 2018
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Sarah Lester

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| Applicant: | California Municipal Finance Authority |
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| Allocation Amount Requested: | Tax-exempt: \$14,500,000 |
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| Project Information: | Name: Park Manor Apartments |
| | Project Address: 24200 Silva Street |
| | Project City, County, Zip Code: Hayward, Alameda, 94544 |

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| Project Sponsor Information: | Name: Park Manor Apartments, LP (SFPI Development I, LP and NHC MGP I LLC) |
| | Principals: Stephen Ho and Robert Lee for SPFI Development I, LLC and Meghan Birnkrant for NHC MGP I LLC |
| | Property Management Company: FPI Management, Inc. |

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| Project Financing Information: | Bond Counsel: Orrick, Herrington & Sutcliffe LLP |
| | Private Placement Purchaser: Capital One Multifamily Finance, LLC |
| | Cash Flow Permanent Bond: Not Applicable |
| | Public Sale: Not Applicable |
| | Underwriter: Not Applicable |
| | Credit Enhancement Provider: Not Applicable |
| | Rating: Not Applicable |
| | TEFRA Noticing Date: March 9, 2018 |
| | TEFRA Adoption Date: April 3, 2018 |

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| Description of Proposed Project: | State Ceiling Pool: General |
| | Total Number of Units: 81 |
| | Manager's Units: 1 Unrestricted |
| | Type: Acquisition and Rehabilitation |
| | Population Served: Family |

Park Manor Apartments is an existing project located in Hayward on a 2.34-acre site. The project consists of 80 restricted rental units and 1 unrestricted manager unit. All 81 units of the project are two-bedroom units. The renovations will include building exterior and interior upgrades. Building exterior and interior renovations will consist of new lighting, installation of artificial turf, stucco repairs, new roofing and canopies, window and door replacements, replacement of smoke and CO1 detectors, installation of trash compactors, new downspouts, seismic retrofits and a fresh coat of paint. Individual apartment units will be updated with new doors and windows, new in-unit wall mount heaters, new vinyl plank flooring, new carpet in the bedrooms, new kitchen countertops, new kitchen and bathroom cabinets, new bathroom fixtures, new toilets and new garbage disposals. Lastly, common or site area renovations will consist of updating accessibility for ADA compliance, concrete repairs, common area updates and landscaping. The rehabilitation is expected to begin in July 2018 and be completed in March 2019.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
31% (25 units) restricted to 50% or less of area median income households.
69% (55 units) restricted to 60% or less of area median income households.
Unit Mix: 2 bedrooms

The proposed project will not be receiving service amenity points.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

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|---|---------------|---|
| Estimated Total Development Cost: | \$ 21,116,541 | |
| Estimated Hard Costs per Unit: | \$ 26,309 | (\$2,131,038 /81 units including mgr. units) |
| Estimated per Unit Cost: | \$ 260,698 | (\$21,116,541 /81 units including mgr. units) |
| Allocation per Unit: | \$ 179,012 | (\$14,500,000 /81 units including mgr. units) |
| Allocation per Restricted Rental Unit: | \$ 181,250 | (\$14,500,000 /80 restricted units) |

| Sources of Funds: | <u>Construction</u> | <u>Permanent</u> |
|--------------------------------|----------------------|----------------------|
| Tax-Exempt Bond Proceeds | \$ 14,500,000 | \$ 14,500,000 |
| LIH Tax Credit Equity | \$ 4,696,134 | \$ 5,832,258 |
| GP Equity | \$ 422,161 | \$ 422,161 |
| Deferred Developer Fee | \$ 1,075,146 | \$ 198,737 |
| Deferred Operating Reserve | \$ 259,715 | \$ 0 |
| Oper. Cash Flow during Constr. | \$ 163,385 | \$ 163,385 |
| Total Sources | \$ 21,116,541 | \$ 21,116,541 |

| Uses of Funds: | |
|---|----------------------|
| Land Cost/Acquisition | \$ 14,380,000 |
| Rehabilitation | \$ 2,284,472 |
| Contractor Overhead & Profit | \$ 180,712 |
| Architectural Fees | \$ 120,000 |
| Survey and Engineering | \$ 11,100 |
| Construction Interest and Fees | \$ 508,078 |
| Permanent Financing | \$ 177,375 |
| Legal Fees | \$ 163,000 |
| Reserves | \$ 340,715 |
| Hard Cost Contingency | \$ 243,961 |
| Other Project Costs (Soft Costs, Marketing, etc.) | \$ 306,701 |
| Developer Costs | \$ 2,400,427 |
| Total Uses | \$ 21,116,541 |

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:

55 out of 140 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$14,500,000 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 | 20 |
| Exceeding Minimum Income Restrictions: | 35 | 15 | 35 |
| Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project] | [10] | [10] | 0 |
| Large Family Units | 5 | 5 | 0 |
| Leveraging | 10 | 10 | 0 |
| Community Revitalization Area | 5 | 5 | 0 |
| Site Amenities | 10 | 10 | 0 |
| Service Amenities | 10 | 10 | 0 |
| New Construction or Substantial Renovation | 10 | 10 | 0 |
| 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 | 110 | 55 |