

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

Applicant:	California Municipal Finance Authority	
Allocation Amount Requested:	Tax-exempt:	\$14,500,000
Project Information:	Name:	Park Manor Apartments
	Project Address:	24200 Silva Street
	Project City, County, Zip Code:	Hayward, Alameda, 94544
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.
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
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%
<u>31%</u> (25 units) restricted to 50% or less of area median income households.	
<u>69%</u> (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
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Details of Project Financing:

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:	Construction	Permanent
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