

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
October 16, 2019
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Richard Fischer

Applicant: California Statewide Communities Development Authority

Allocation Amount Requested:

Tax-exempt: \$20,000,000

Project Information:

Name: Glen Haven Apartments
Project Address: 4262 Central Avenue
Project City, County, Zip Code: Fremont, Alameda, 94536

Project Sponsor Information:

Name: Glen Haven 2018 LP (Glen Haven 2018 COGP LLC and
AHA East Bay MGP, LLC)
Principals: Marquis E. Hyatt for Glen Haven 2018 COGP LLC; William
W. Hirsch and Visalios Salamandrakis for AHA East Bay
MGP, LLC
Property Management Company: VPM Management, Inc.

Project Financing Information:

Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Private Placement Purchaser: Citibank, N.A./KDF Glen Haven, L.P.
Cash Flow Permanent Bond: KDF Glen Haven, L.P.
Public Sale: Not Applicable
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Rating: Not Applicable
TEFRA Noticing Date: January 22, 2019
TEFRA Adoption Date: February 5, 2019

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

Glen Haven Apartments is an existing project located in Fremont on a 2.83-acre site. The project consists of 57 restricted rental units, 23 market rate units and 1 unrestricted manager unit. The project has 19 one-bedroom units, 54 two-bedroom units and 8 three-bedroom units. The renovations will include building exterior and interior upgrades. Building exterior renovations will consist of stucco repairs, roof replacement, window replacements and a fresh coat of paint. Interior renovations will include laundry room, leasing office and community room upgrades. Individual apartment units will be updated with a new kitchen appliance package, paint and electrical lighting updates. The rehabilitation is expected to begin in August 2019 and be completed in August 2020.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 71%
11% (9 units) restricted to 50% or less of area median income households.
60% (48 units) restricted to 60% or less of area median income households.
Unit Mix: 1, 2 & 3 bedrooms

The proposed project will not be receiving service amenity points.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$ 30,917,471	
Estimated Hard Costs per Unit:	\$ 44,980	(\$3,643,380 /81 units including mgr. units)
Estimated per Unit Cost:	\$ 381,697	(\$30,917,471 /81 units including mgr. units)
Allocation per Unit:	\$ 246,914	(\$20,000,000 /81 units including mgr. units)
Allocation per Restricted Rental Unit:	\$ 350,877	(\$20,000,000 /57 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 19,000,000	\$ 15,823,000
Cash Flow Permanent Bonds	\$ 1,000,000	\$ 1,000,000
LIH Tax Credit Equity	\$ 3,529,760	\$ 6,417,843
Developer Equity	\$ 487,766	\$ 487,766
Deferred Developer Fee	\$ 0	\$ 2,851,096
KDF Glen Haven L.P. Loan	\$ 0	\$ 0
City of Fremont	\$ 2,757,260	\$ 2,757,260
Net Income From Operations	\$ 1,587,993	\$ 1,580,506
Total Sources	<u>\$ 28,362,779</u>	<u>\$ 30,917,471</u>

Uses of Funds:	
Land Cost/Acquisition	\$ 20,000,000
Rehabilitation	\$ 3,827,332
Relocation	\$ 72,000
Contractor Overhead & Profit	\$ 346,121
Architectural Fees	\$ 104,100
Survey and Engineering	\$ 10,000
Construction Interest and Fees	\$ 1,465,670
Permanent Financing	\$ 189,375
Legal Fees	\$ 150,000
Reserves	\$ 356,779
Appraisal	\$ 3,500
Hard Cost Contingency	\$ 623,018
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 186,576
Developer Costs	<u>\$ 3,583,000</u>
Total Uses	<u>\$ 30,917,471</u>

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:

67.5 out of 140 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$20,000,000 in tax-exempt bond allocation on a carryforward basis.

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	20
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	10
Community Revitalization Area	5	5	0
Site Amenities	10	10	7.5
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	N/A
Minimum Term of Restrictions (Competitive Allocation Process Only)	10	10	N/A
Negative Points (No Maximum)	-10	-10	0
Total Points	140	110	67.5