

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
September 26, 2012
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Annie Ong

Applicant: California Municipal Finance Authority

Allocation Amount Requested:
Tax-exempt: \$12,571,960

Project Information:
Name: Sequoia Manor Apartments
Project Address: 40789 Fremont Blvd.
Project City, County, Zip Code: Fremont, Alameda, 94538

Project Sponsor Information:
Name: EHP Sequoia Manor, LP (Eden Investments, Inc.)
Principals: For Eden Investments, Inc.: John Gaffney, Jesus Armas, Pauline Weaver, Kathleen Hamm, and Linda Mandolini
Property Management Company: Eden Housing Management, Inc.

Project Financing Information:
Bond Counsel: Jones Hall
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Private Placement Purchaser: Citibank, N.A.
TEFRA Hearing Date: July 24, 2012

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 80, plus 1 manager unit
Type: Acquisition and Rehabilitation
Type of Units: Senior Citizens

The Sequoia Manor Apartments was built in 1989 providing housing for senior households. The Project is situated on 2.4 acres in the historic downtown area of central Fremont, CA. The Project consists of one three-story residential building with a central courtyard. The main entrance includes the rental office, community room, and laundry room. Currently the project is having new solar panels, exterior siding and dual paned sliding windows and doors installed. The central courtyard is landscaped with a patio, benches, and bbq for the tenants use. The typical residential unit has carpeting and vinyl flooring, an individually controlled wall or FAU furnace, modern kitchen with range/oven, refrigerator, exhaust fan (no dishwasher or garbage disposal) and a three fixture bathroom. Planned external renovations will include the following items; creation of an ADA compliance accessible entry and path of travel from the parking lot, repair work at boiler storage tanks, repair timed release of fire doors and elevator lobbies, and replacement of structural support at elevated walkways. Planned unit renovations include the replacement of all unit entry door hardware, kitchen cabinets, cooktops in 69 units, and carpets in 50 units.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
100% (80 units) restricted to 50% or less of area median income households.
Unit Mix: Studio & 1 bedroom

Service amenities include instructor-led educational, health and wellness or skill building classes and a bona fide service coordinator/social worker.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$ 15,304,805	
Estimated Hard Costs per Unit:	\$ 34,956	(\$2,796,516 /80 units)
Estimated per Unit Cost:	\$ 191,310	(\$15,304,805 /80 units)
Allocation per Unit:	\$ 157,150	(\$12,571,960 /80 units)
Allocation per Restricted Rental Unit:	\$ 157,150	(\$12,571,960 /80 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 12,571,960	\$ 9,275,097
LIH Tax Credit Equity	\$ 438,770	\$ 4,388,135
Other (seller financing/existing reserves/accrued interest on seller financing)	\$ 1,576,573	\$ 1,641,573
Total Sources	\$ 14,587,303	\$ 15,304,805

Uses of Funds:	
Acquisition/Land Purchase	\$ 8,164,271
On & Off Site Costs	\$ 118,184
Hard Construction Costs	\$ 2,678,332
Architect & Engineering Fees	\$ 226,472
Contractor Overhead & Profit	\$ 307,654
Developer Fee	\$ 966,889
Relocation	\$ 582,734
Cost of Issuance	\$ 310,580
Capitalized Interest	\$ 335,058
Other Soft Costs (Marketing, etc.)	\$ 1,614,631
Total Uses	\$ 15,304,805

Description of Financial Structure and Bond Issuance:

The tax-exempt bond allocation will be privately placed with Citibank, N.A. The construction period funding loan will carry a variable rate equal to SIMFA plus a spread of 2.0% with a term of 24 months. Currently, SIFMA is set at 0.15%, for a current all-in rate of 2.15%. The permanent loan rate will be the sum of the 15 year maturity "AAA" bond rates as published by Thompson Municipal Market Monitor (MMD) plus a spread of 2.50%. Currently, MMD is trading at approximately 2.32% for a current indicate rate of 4.82%. The term is 20 years with an amortization of 35 years.

Analyst Comments:

Not Applicable

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: 73.5 out of 130
[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$12,571,960 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
Federally Assisted At-Risk Project or HOPE VI Project	20	20	0
Exceeding Minimum Income Restrictions:	35	15	35
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Federally Assisted At-Risk Project or HOPE VI Project]	[10]	[10]	10
Gross Rents	5	5	5
Large Family Units	5	5	0
Leveraging	10	10	0
Community Revitalization Area	15	15	0
Site Amenities	10	10	7.5
Service Amenities	10	10	10
New Construction	10	10	0
Sustainable Building Methods	10	10	6
Negative Points	-10	-10	0
Total Points	130	100	73.5

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.