

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: Crystal Alvarez

Applicant: California Municipal Finance Authority

Allocation Amount Requested:
Tax-exempt: \$3,900,000

Project Information:
Name: Terracina Oaks Apartments
Project Address: 12200 Gateway Court
Project City, County, Zip Code: Auburn, Placer, 95603

Project Sponsor Information:
Name: Terracina Oaks, L.P. (USA Terracina Oaks, Inc. and Riverside Charitable Corporation)
Principals: Geoffrey C. Brown, Edward R. Herzog, Michael J. McCleery, Karen McCurdy, Darren Bobrowsky and Valerie Silva for USA Terracina Oaks, Inc.; Ken Robertson, Craig Gillett, Penny LaRue, Stewart Hall, Trisha Hockings and Gregg Rogers for Riverside Charitable Corporation
Property Management Company: USA Multifamily Management, Inc.

Project Financing Information:
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Private Placement Purchaser: Citibank, N.A.
TEFRA Hearing Date: August 7, 2012

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 55, plus 1 manager unit
Type: Acquisition and Rehabilitation
Type of Units: Family

The Terracina Oaks Apartments was built in 1994 as a 56 unit affordable family rental community. The Project is located on a 3.1 acre site at 12200 Gateway Court in Auburn. The Terracina Oaks Apartments consists of 6 two-story garden walk-up apartment buildings and a leasing office with 83 uncovered parking spaces including 4 handicap spaces. There is a laundry facility, swimming pool and tot-lot play area. Planned renovations to individual units include Energy Star qualified appliances, energy efficient ceiling fans and lighting, resurfacing of cabinet and countertop, as well as repairs and efficiency upgrades to in-unit plumbing fixtures, HVAC systems and water heaters. Improvement to the building exteriors include roof maintenance, siding repair and painting.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
35% (19 units) restricted to 50% or less of area median income households.
65% (36 units) restricted to 60% or less of area median income households.
Unit Mix: 1, 2 & 3 bedrooms

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$	7,220,186	
Estimated Hard Costs per Unit:	\$	29,442	(\$1,619,294 /55 units)
Estimated per Unit Cost:	\$	131,276	(\$7,220,186 /55 units)
Allocation per Unit:	\$	70,909	(\$3,900,000 /55 units)
Allocation per Restricted Rental Unit:	\$	70,909	(\$3,900,000 /55 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 3,900,000	\$ 2,105,000
Developer Equity	\$ 158,035	\$ 361,246
LIH Tax Credit Equity	\$ 566,568	\$ 1,888,560
Direct & Indirect Public Funds	\$ 2,595,583	\$ 2,595,583
Other	\$ 0	\$ 269,797
Total Sources	\$ 7,220,186	\$ 7,220,186

Uses of Funds:	
Acquisition/Land Purchase	\$ 3,900,000
On & Off Site Costs	\$ 340,000
Hard Construction Costs	\$ 1,279,294
Architect & Engineering Fees	\$ 35,000
Contractor Overhead & Profit	\$ 112,701
Developer Fee	\$ 795,527
Relocation	\$ 5,000
Cost of Issuance	\$ 387,474
Other Soft Costs (Marketing, etc.)	\$ 365,190
Total Uses	\$ 7,220,186

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 of SIFMA plus a spread of 250 bps. Currently, SIFMA is trading at approximately 0.16% for a current all-in rate of 2.66% for a term of 30 years and an amortization of 35 years. The permanent period loan will carry a fixed rate based on a 17 year "AAA" municipal bonds rate as quoted by Thompson Municipal Market Monitor plus a spread of 2.25%. Currently, MMD is 2.38% for a current indicated rate of 4.63%,

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:

60 out of 130

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$3,900,000 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
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]	0
Gross Rents	5	5	5
Large Family Units	5	5	5
Leveraging	10	10	10
Community Revitalization Area	15	15	0
Site Amenities	10	10	5
Service Amenities	10	10	0
New Construction	10	10	0
Sustainable Building Methods	10	10	0
Negative Points	-10	-10	0
Total Points	130	100	60

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.