

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
May 18, 2016
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Brian Clark

Applicant: California Municipal Finance Authority

Allocation Amount Requested:
Tax-exempt: \$5,500,000

Project Information:
Name: Maple Park Apartments
Project Address: 711 E. Maple Avenue
Project City, County, Zip Code: Glendale, Los Angeles, 91205

Project Sponsor Information:
Name: Maple Park Apartments Preservation, LP (Figueroa Economical Housing Development Corporation)
Principals: Charles Cline and Estella Brown for Figueroa Economical Housing Development Corporation
Property Management Company: Monfric, Inc.

Project Financing Information:
Bond Counsel: Orrick, Herrington & Sutcliffe, LLP
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Private Placement Purchaser: Red Stone Tax Exempt Funding, LLC
TEFRA Noticing Date: March 25, 2016
TEFRA Adoption Date: April 12, 2016

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 24, plus 1 manager unit
Type: Acquisition and Rehabilitation
Type of Units: Senior Citizens/Special Needs

The Project, constructed in 1984, is an existing senior/disabled restricted Section 8 property located on a 0.82 acre site in Glendale. The Project consists of a single two-story elevator-served building containing 25 one-bedroom tenant units and a single two-bedroom manager's unit. Unit amenities include air conditioning, stove/oven, refrigerator, garbage disposal, carpeting and window coverings. Site amenities include on-site management and maintenance, security gates/fencing, community room, laundry facility, picnic/BBQ area and surface parking lot. Unit renovations will include new kitchen and bathroom equipment, kitchen counters, flooring, window treatments and paint. Exterior renovations will include widening of pathways; improvements to the parking lot, elevator cab and common areas; upgraded lighting; painting and as-needed replacement of patio covers. Rehabilitation is expected to begin in August 2016 and be completed in February 2017.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%

42% (10 units) restricted to 50% or less of area median income households.

58% (14 units) restricted to 60% or less of area median income households.

Unit Mix: 1 bedroom

The proposed project will not be providing service amenities.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$ 7,932,001	
Estimated Hard Costs per Unit:	\$ 24,214	(\$581,141 /24 units)
Estimated per Unit Cost:	\$ 330,500	(\$7,932,001 /24 units)
Allocation per Unit:	\$ 229,167	(\$5,500,000 /24 units)
Allocation per Restricted Rental Unit:	\$ 229,167	(\$5,500,000 /24 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 5,500,000	\$ 3,371,363
Seller Carryback Loan	\$ 842,203	\$ 842,203
HUD Sec. 202 Loan	\$ 725,793	\$ 725,793
LIH Tax Credit Equity	\$ 702,375	\$ 2,341,251
Operating Income	\$ 0	\$ 142,613
Deferred developer Fee	\$ 161,630	\$ 508,778
Total Sources	\$ 7,932,001	\$ 7,932,001

Uses of Funds:	
Land Cost/Acquisition	\$ 4,900,000
Rehabilitation	\$ 637,500
Relocation	\$ 37,500
Architectural Fees	\$ 100,000
Survey & Engineering Fees	\$ 80,000
Construction Interest & Fees	\$ 650,000
Permanent Financing Costs	\$ 71,264
Legal Fees	\$ 95,000
Reserves	\$ 165,485
Appraisal	\$ 8,600
Contingency	\$ 62,500
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 245,430
Developer Costs	\$ 878,722
Total Uses	\$ 7,932,001

Description of Financial Structure and Bond Issuance:

The bonds will be purchased in a private placement transaction by Red Stone Tax Exempt Funding, LLC. During the construction financing phase, the loan will be interest-only for a period of 24 months at a fixed interest rate of 4.75%. During the permanent financing phase, the loan term will be for 40 years with an amortization period of 40 years at a fixed interest rate of 4.75%.

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: 60 out of 140
[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$5,500,000 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	0
Exceeding Minimum Income Restrictions:	35	15	35
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	10
Gross Rents	5	5	5
Large Family Units	5	5	0
Leveraging	10	10	0
Community Revitalization Area	5	5	0
Site Amenities	10	10	10
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	120	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.