

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
July 20th, 2016
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Louise Eller

Applicant: California Municipal Finance Authority

Allocation Amount Requested:
Tax-exempt: \$14,750,000

Project Information:
Name: Newark Station Seniors Apartments
Project Address: 37433 Willow Street
Project City, County, Zip Code: Newark, Alameda, 94560

Project Sponsor Information:
Name: Newark 618, L.P. (USA Newark 618, Inc. and Riverside Charitable Corporation)
Principals: Geoffrey C. Brown, Edward R. Herzog and Valerie Silva for USA Newark 618, Inc.; Ken Robertson, Craig Gillett, Penny La Rue and Stewart Hall for Riverside Charitable Corporation
Property Management Company: USA Multifamily Management, Inc.

Project Financing Information:
Bond Counsel: Jones Hall, A Professional Law Corporation
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Private Placement Purchaser: Citibank, N.A.
TEFRA Noticing Date: March 8, 2016
TEFRA Adoption Date: March 24, 2016

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 74, plus 1 manager unit
Type: New Construction
Type of Units: Senior Citizens

The Newark Station Seniors Apartments is a new construction project located in the northwest area of Newark. The project will be located on a 2.14 acre site and will consist of 63 one-bedroom apartments and 11 two-bedroom apartments. The project will be constructed on a 2.14 acre rectangular shaped parcel. Construction will be Type VA wood frame construction. Siding will be stucco and hardie lap and panel siding products. Each unit will incorporate the following: pantry cabinets, dishwashers, self-cleaning range/oven, exterior venting hood fan, refrigerator/freezer, garbage disposal, hydronic central heating and air conditioning, ceiling fans, vertical blinds and private patio or balcony. Amenities include laundry rooms, community center, multi-purpose gathering area, activity area, pet washing and full kitchen. Construction is expected to start October 2016 with a 12 month construction schedule.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
20% (15 units) restricted to 50% or less of area median income households.
80% (59 units) restricted to 60% or less of area median income households.
Unit Mix: 1 & 2 bedrooms

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:	\$	18,728,871	
Estimated Hard Costs per Unit:	\$	128,890	(\$9,537,876 /74 units)
Estimated per Unit Cost:	\$	253,093	(\$18,728,871 /74 units)
Allocation per Unit:	\$	199,324	(\$14,750,000 /74 units)
Allocation per Restricted Rental Unit:	\$	199,324	(\$14,750,000 /74 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 14,750,000	\$ 6,170,000
SHH Project Owner, LLC	\$ 2,000,000	\$ 4,100,000
LIH Tax Credit Equity	\$ 1,978,871	\$ 7,776,216
Deferred Developer Fee	\$ 0	\$ 682,655
Total Sources	<u>\$ 18,728,871</u>	<u>\$ 18,728,871</u>

Uses of Funds:	
Land Cost/Acquisition	\$ 1
New Construction	\$ 11,074,378
Survey and Engineering	\$ 850,000
Construction Interest and Fees	\$ 481,112
Permanent Financing	\$ 389,001
Legal Fees	\$ 125,000
Reserves	\$ 203,571
Contingency Cost	\$ 755,018
Local Development Impact Fees	\$ 1,920,500
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 643,921
Developer Costs	\$ 2,286,369
Total Uses	<u>\$ 18,728,871</u>

Description of Financial Structure and Bond Issuance:

The bonds will be purchased in a private placement transaction by Citibank, N.A. During the construction financing phase the loan term will be for 24 months with a variable interest rate of 3.55%. During the permanent financing phase, the loan term will be for 30 years following Conversion with an amortization period of 35 years at a fixed rate of 5.05%.

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: 57.5 out of 140

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$14,750,000 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	30
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	2.5
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	0
Minimum Term of Restrictions (Competitive Allocation Process Only)	10	10	0
Negative Points (No Maximum)	-10	-10	0
Total Points	140	120	57.5

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.