

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
November 16, 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: \$34,500,000

Project Information:
Name: Monterey Pines Apartments
Project Address: 680 South 37th Street
Project City, County, Zip Code: Richmond, Contra Costa, 94804

Project Sponsor Information:
Name: Monterey Venture, L.P. (Monterey GP LLC & Pacific Southwest Community Development Corporation)
Principals: Sydne Garchik for Monterey GP LLC and Robert Laing for Pacific Southwest Community Development Corporation
Property Management Company: Apartment Management Consultants, LLC

Project Financing Information:
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Private Placement Purchaser: CBRE Capital Markets, Inc.
Public Sale: Not Applicable
Underwriter: Not Applicable
TEFRA Noticing Date: September 23, 2016
TEFRA Adoption Date: October 18, 2016

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 321, plus 3 manager units
Type: Acquisition and Rehabilitation
Type of Units: Family

Monterey Pines Apartments is an existing project located in Richmond on a 14.46 acre site. The project consists of 321 restricted rental units and 3 manager units. The project has 198 two-bedroom units and 123 three-bedroom units. The renovations will include building exterior/interior upgrades as well as common area updates. Building exterior renovations will consist of stucco repairs, siding installations, 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 receive a new appliance package, countertops, cabinets, fixtures, paint, and electrical updates. Lastly, common or site area renovation will consist of concrete repairs, asphalt replacement/sealing, ADA updates, and lighting/signage/landscaping improvements. The construction is expected to begin in October 2016 and last approximately 12 months.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
85% (272 units) restricted to 50% or less of area median income households.
15% (49 units) restricted to 60% or less of area median income households.
Unit Mix: 2 & 3 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:	\$ 58,566,761	
Estimated Hard Costs per Unit:	\$ 22,925	(\$7,358,941 /321 units)
Estimated per Unit Cost:	\$ 180,762	(\$58,566,761 /324 units including mgr. units)
Allocation per Unit:	\$ 107,477	(\$34,500,000 /321 units)
Allocation per Restricted Rental Unit:	\$ 107,477	(\$34,500,000 /321 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 34,500,000	\$ 34,500,000
LIH Tax Credit Equity	\$ 19,120,027	\$ 19,120,027
Cash Flow During Construction	\$ 2,080,895	\$ 2,080,895
Deferred Developer Fee	\$ 2,865,838	\$ 2,865,838
Total Sources	\$ 58,566,760	\$ 58,566,760

Uses of Funds:	
Land Cost/Acquisition	\$ 37,665,000
Rehabilitation	\$ 8,331,278
Relocation	\$ 50,000
Contractor Overhead	\$ 147,131
Architectural Fees	\$ 300,000
Construction Interest and Fees	\$ 2,370,994
Permanent Financing	\$ 498,750
Legal Fees	\$ 210,000
Reserves	\$ 959,359
Appraisal	\$ 10,000
Contingency Cost	\$ 847,841
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 391,459
Developer Costs	\$ 6,784,949
Total Uses	\$ 58,566,760

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: 65.5 out of 140

[See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$34,500,000 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	10
Exceeding Minimum Income Restrictions:	35	15	35
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	0
Gross Rents	5	5	5
Large Family Units	5	5	5
Leveraging	10	10	0
Community Revitalization Area	5	5	0
Site Amenities	10	10	7.5
Service Amenities	10	10	0
New Construction or Substantial Renovation	10	10	0
Sustainable Building Methods	10	10	3
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	110	65.5

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.