

**THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**  
**May 17, 2017**  
**Staff Report**  
**REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A**  
**QUALIFIED RESIDENTIAL RENTAL PROJECT**

*Prepared by: Louise Eller*

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**Applicant:** California Municipal Finance Authority

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**Allocation Amount Requested:**

**Tax-exempt:** \$5,500,000

The amount of allocation requested is supplemental to the \$34,500,000 of allocation the Project received on November 16, 2016.

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**Project Information:**

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

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**Project Sponsor Information:**

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

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**Project Financing Information:**

**Bond Counsel:** Orrick, Herrington & Sutcliffe LLP  
**Private Placement Purchaser:** CBRE Capital Markets, Inc.  
**Cash Flow Permanent Bond:** Not Applicable  
**Public Sale:** Not Applicable  
**Underwriter:** Not Applicable  
**Credit Enhancement Provider:** Not Applicable  
**Rating:** Not Applicable  
**TEFRA Noticing Date:** September 23, 2016  
**TEFRA Adoption Date:** October 18, 2016

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**Description of Proposed Project:**

**State Ceiling Pool:** General  
**Total Number of Units:** 324  
**Manager's Units:** 3 Restricted  
**Type:** Acquisition and Rehabilitation  
**Population Served:** Family

Monterey Pines Apartments is an existing project located in Richmond on a 14.46-acre site. The project consists of 321 rental units and 3 restricted managers' 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 October 2017 and completed in December 2018.

**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% (52 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:**

<b>Estimated Total Development Cost:</b>	\$ 63,536,686	
<b>Estimated Hard Costs per Unit:</b>	\$ 32,674	(\$10,586,361 /324 units including mgr. units)
<b>Estimated per Unit Cost:</b>	\$ 196,101	(\$63,536,686 /324 units including mgr. units)
<b>Allocation per Unit:</b>	\$ 123,457	(\$40,000,000 /324 units including mgr. units)
<b>Allocation per Restricted Rental Unit:</b>	\$ 123,457	(\$40,000,000 /324 restricted units)

<b>Sources of Funds:</b>	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 40,000,000	\$ 40,000,000
LIH Tax Credit Equity	\$ 17,899,279	\$ 17,899,279
Deferred Developer Fee	\$ 346,151	\$ 346,151
Seller Carryback Loan	\$ 2,500,000	\$ 2,500,000
Cash Flow During Construction	\$ 2,791,256	\$ 2,791,256
Total Sources	<u>\$ 63,536,686</u>	<u>\$ 63,536,686</u>

<b>Uses of Funds:</b>	
Land Cost/Acquisition	\$ 37,695,000
Rehabilitation	\$ 11,353,872
Relocation	\$ 50,000
Contractor Overhead & Profit	\$ 846,909
Architectural Fees	\$ 305,000
Construction Interest and Fees	\$ 1,646,265
Permanent Financing	\$ 388,000
Legal Fees	\$ 210,000
Reserves	\$ 1,920,931
Appraisal	\$ 10,000
Hard Cost Contingency	\$ 1,058,636
Other Project Costs	\$ 1,267,125
Developer Costs	\$ 6,784,948
Total Uses	<u>\$ 63,536,686</u>

**Analyst Comments:**

None

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**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.

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**Recommendation:**

Staff recommends that the Committee approves \$5,500,000 in tax exempt bond allocation.