

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
November 17, 2010
Staff Report
**REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT**

Prepared by: John Weir

Applicant: California Municipal Finance Authority

Allocation Amount Requested:
Tax-exempt: \$12,000,000

Project Information:
Name: 636 El Camino Phase II Apartments
Project Address: 636 El Camino Real
Project City, County, Zip Code: South San Francisco, San Mateo, 94080

Project Sponsor Information:
Name: MP South City II, L.P. (Mid-Peninsula Greenridge, Inc. and Mid-Peninsula Housing Coalition)
Principals: Matthew O. Franklin, C. Mark Battey, Beth Bartlett, Gary Cook, and Daniel Seubert for both Mid-Peninsula Greenridge, Inc. and Mid-Peninsula Housing Coalition.

Project Financing Information:
Bond Counsel: Jones Hall, A Professional Law Corporation
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Private Placement Purchaser: U.S. Bank National Association
TEFRA Hearing Date: July 28, 2010

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 47, plus 0 manager units
Type: New Construction
Type of Units: Family

Description of Public Benefits:
Percent of Restricted Rental Units in the Project: #REF!
100% (47 units) restricted to 50% 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:	\$ 20,590,859	
Estimated Hard Costs per Unit:	\$ 251,372	(\$11,814,499 /47 units)
Estimated per Unit Cost:	\$ 438,103	(\$20,590,859 /47 units)
Allocation per Unit:	\$ 255,319	(\$12,000,000 /47 units)
Allocation per Restricted Rental Unit:	\$ #REF!	(\$12,000,000 ####)

The Project has total project costs that appear high for the geographic area in which it is located. According to the Project Sponsor, the high cost is due to the need to construct a subterranean concrete parking garage which is necessary in order to achieve the city's relatively high 1.8:1 parking ratio.

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 12,000,000	\$ 3,748,391
Deferred Developer Fee	\$ 690,339	\$ 690,339
LIH Tax Credit Equity	\$ 814,307	\$ 6,026,546
Direct & Indirect Public Funds	\$ 6,198,225	\$ 9,843,690
Accrued/deferred soft loan interest	\$ 281,893	\$ 281,893
Total Sources	\$ 19,984,764	\$ 20,590,859

Uses of Funds:	
Land Purchase	\$ 1,828,677
On & Off Site Costs	\$ 657,357
Hard Construction Costs	\$ 11,157,142
Architect & Engineering Fees	\$ 782,036
Contractor Overhead & Profit	\$ 843,392
Developer Fee	\$ 1,400,000
Cost of Issuance	\$ 320,942
Capitalized Interest	\$ 1,051,893
Other Soft Costs	\$ 2,549,420
Total Uses	\$ 20,590,859

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: 103 out of 118

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$12,000,000 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]	10
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	10
Service Amenities	10	10	10
New Construction	10	10	10
Sustainable Building Methods	8	8	8
Negative Points	-10	-10	0
Total Points	118	98	103

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.