

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
May 26, 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: \$11,000,000

Project Information:
Name: Cynara Court Apartments
Project Address: 10201, 10203 & 10860 Merritt Street
Project City, County, Zip Code: Castroville, Monterey, 95012

Project Sponsor Information:
Name: Mid-Penninsula Castroville Associates, LP (Mid-Penninsula The Farm, Inc. and Mid-Penninsula Housing Coalition)
Principals: C. Mark Battey and Matthew O. Franklin

Project Financing Information:
Bond Counsel: Jones Hall, A Professional Law Corporation
Underwriter: Not Applicable
Credit Enhancement Provider: Citi Community Capital/Fannie Mae
Private Placement Purchaser: Not Applicable
TEFRA Hearing Date: April 13, 2010

Description of Proposed Project:
State Ceiling Pool: Rural
Total Number of Units: 57, plus 1 manager unit
Type: New Construction
Type of Units: Family

Description of Public Benefits:
Percent of Restricted Rental Units in the Project: 100%
84% (48 units) restricted to 50% or less of area median income households.
16% (9 units) restricted to 60% 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:	\$ 19,196,923	
Estimated Hard Costs per Unit:	\$ 202,088	(\$11,519,007 /57 units)
Estimated per Unit Cost:	\$ 336,788	(\$19,196,923 /57 units)
Allocation per Unit:	\$ 192,982	(\$11,000,000 /57 units)
Allocation per Restricted Rental Unit:	\$ 192,982	(\$11,000,000 /57 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 11,000,000	\$ 627,700
Deferred Developer Fee	\$ 0	\$ 250,000
LIH Tax Credit Equity	\$ 890,000	\$ 5,933,670
Direct & Indirect Public Funds	\$ 6,626,333	\$ 12,354,756
Other	\$ 25,000	\$ 30,797
Total Sources	\$ 18,541,333	\$ 19,196,923

Uses of Funds:	
Land Purchase	\$ 879,079
On & Off Site Costs	\$ 1,843,441
Hard Construction Costs	\$ 9,675,566
Architect & Engineering Fees	\$ 1,042,737
Contractor Overhead & Profit	\$ 514,005
Developer Fee	\$ 1,200,000
Cost of Issuance	\$ 200,375
Capitalized Interest	\$ 733,460
Other Soft Costs	\$ 3,108,260
Total Uses	\$ 19,196,923

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: 88 out of 118
 [See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$11,000,000 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]	0
Gross Rents	5	5	0
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	88

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.