

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*

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**Applicant:** California Municipal Finance Authority

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**Allocation Amount Requested:**  
**Tax-exempt:** \$11,000,000

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

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**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

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**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

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

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**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

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**Term of Restrictions:**  
**Income and Rent Restrictions:** 55 years

**Details of Project Financing:**

<b>Estimated Total Development Cost:</b>	\$ 19,196,923	
<b>Estimated Hard Costs per Unit:</b>	\$ 202,088	(\$11,519,007 /57 units)
<b>Estimated per Unit Cost:</b>	\$ 336,788	(\$19,196,923 /57 units)
<b>Allocation per Unit:</b>	\$ 192,982	(\$11,000,000 /57 units)
<b>Allocation per Restricted Rental Unit:</b>	\$ 192,982	(\$11,000,000 /57 restricted units)

<b>Sources of Funds:</b>	Construction	Permanent
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
<b>Total Sources</b>	<b>\$ 18,541,333</b>	<b>\$ 19,196,923</b>

<b>Uses of Funds:</b>	
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
<b>Total Uses</b>	<b>\$ 19,196,923</b>

**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
<b>Total Points</b>	<b>118</b>	<b>98</b>	<b>88</b>

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.