

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
December 14, 2011
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Richard Fischer

Applicant: California Municipal Finance Authority

Allocation Amount Requested:
Tax-exempt: \$13,300,000

Project Information:
Name: Manzanita Place Apartments
Project Address: Reservation Road and East Garrison
Project City, County, Zip Code: Unincorporated Monterey, Monterey, 93933

Project Sponsor Information:
Name: MP Manzanita Associates, a California Limited Partnership
(Mid-Peninsula The Farm Inc. and Mid Pen Housing Corporation)
Principals: Cheryl Quay, Therese Freeman, Jan Lindenthal and Matthew O. Franklin for M.P. The Farm, Inc.; Matthew O. Franklin, C. Mark Battey, Beth Bartlett, Paul Staley, Gary Cook and Daniel Seubert for Mid Pen Housing Corporation.

Project Financing Information:
Bond Counsel: Jones Hall, A Professional Law Corporation
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Private Placement Purchaser: Wells Fargo Bank, N.A.
TEFRA Hearing Date: February 15, 2011

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 65, plus 1 manager unit
Type: New Construction
Type of Units: Family

Manzanita Place is a proposed new construction affordable rental housing development located on the former Fort Ord military base just outside the City of Marina in unincorporated Monterey County. The project will consist of a total of 65 units. There will be one-, two-, three-, and four- bedroom flats in two- and three-story walk up wood frame buildings. There will be a Community Center with offices, community room, kitchen, computer lab, tot lot and open community areas. There are going to be 134 parking spaces as well as 1 bicycle parking space per unit. Each residential unit will have central heating, dishwasher, refrigerator, stove/range, washer and dryer. Residents will have access to hook-ups for cable and satellite.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
11% (7 units) restricted to 50% or less of area median income households.
89% (58 units) restricted to 60% or less of area median income households.
Unit Mix: 1, 2, 3 & 4 bedrooms

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost: \$ 24,430,660
Estimated Hard Costs per Unit: \$ 196,712 (\$12,786,255 /65 units)
Estimated per Unit Cost: \$ 375,856 (\$24,430,660 /65 units)
Allocation per Unit: \$ 204,615 (\$13,300,000 /65 units)
Allocation per Restricted Rental Unit: \$ 204,615 (\$13,300,000 /65 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 13,300,000	\$ 0
General Partner Equity	\$ 0	\$ 52,031
Deferred Developer Fee	\$ 0	\$ 351,969
LIH Tax Credit Equity	\$ 290,000	\$ 10,026,660
Direct & Indirect Public Funds	\$ 10,000,000	\$ 14,000,000
Total Sources	\$ 23,590,000	\$ 24,430,660

Uses of Funds:	
Land Purchase	\$ 15,001
On-Site & Off-Site Costs	\$ 1,483,027
Hard Construction Costs	\$ 11,288,484
Architect & Engineering Fees	\$ 898,643
Contractor Overhead & Profit	\$ 377,262
Developer Fee	\$ 1,400,000
Cost of Issuance	\$ 306,188
Capitalized Interest	\$ 788,125
Other Soft Costs (Marketing, etc.)	\$ 7,873,930
Total Uses	\$ 24,430,660

Description of Financial Structure and Bond

Wells Fargo Bank (the "Bank") has committed to purchase the construction period bonds directly for manzanita Place. The Bank will purchase construction period bonds in the amount of \$13,300,000. The bonds are anticipated to close on June 1, 2011. The bonds will be secured by a first deed of trust , and will be recourse to the borrower during construction. Conditions for closing are standard for the Bank. The construction period bonds will be a variable interest rate during construction, based on 2.00% over 30-day LIBOR.

Analyst Comments:

Part of the Former Fort Ord facility Master Plan Community.

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: 70 out of 118

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$13,300,000 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
Federally Assisted At-Risk Project or HOPE VI Project	20	20	0
Exceeding Minimum Income Restrictions:	35	15	25
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	0
Service Amenities	10	10	0
New Construction	10	10	10
Sustainable Building Methods	8	8	5
Negative Points	-10	-10	0
Total Points	118	98	70

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.