

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
July 18, 2012
Staff Report
**REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT**

Prepared by: Annie Ong

Applicant: California Municipal Finance Authority

Allocation Amount Requested:
Tax-exempt: \$17,500,000

Project Information:
Name: University Village Apartments
Project Address: Corner of 2nd Avenue and 9th Street
Project City, County, Zip Code: Marina, Monterey, 93933

Project Sponsor Information:
Name: South County Housing Corp.
Principals: South County Housing Corp.: Dennis Lalor and John Cesare
Property Management Company: South County Property Management

Project Financing Information:
Bond Counsel: Jones Hall, A Professional Law Corporation
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Private Placement Purchaser: JPMorgan Chase Bank, N.A.
TEFRA Hearing Date: March 20, 2012

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 107, plus 1 manager unit
Type: New Construction
Type of Units: Family

The Project will be situated on 4.48 acres of currently vacant land. The Project site was once part of the former Fort Ord Army Base. The surrounding area is partially developed with retail and commercial uses such as a Target store, a medical clinic, and California State University, Monterey Bay. Future planned uses include a public park across the street from the Project site and a multiplex theater. There will be 107 restricted rental units AT 50% AMI and 1 manager unit. There will be 14 one bedroom units, 56 two bedroom units, and 37 three bedroom units. The target population is large families, singles, and seniors. Construction should begin in September 2012.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
100% (107 units) restricted to 50% or less of area median income households.
Unit Mix: 1, 2 & 3 bedrooms

Service amenities include after school programs, instructor led classes (educational, health and wellness, or skill building), and a bona fide service coordinator/social worker.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$ 29,501,032	
Estimated Hard Costs per Unit:	\$ 149,092	(\$15,952,833 /107 units)
Estimated per Unit Cost:	\$ 275,711	(\$29,501,032 /107 units)
Allocation per Unit:	\$ 163,551	(\$17,500,000 /107 units)
Allocation per Restricted Rental Unit:	\$ 163,551	(\$17,500,000 /107 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 17,500,000	\$ 1,480,000
California HCD & MHP Home Loan	\$ 5,000,000	\$ 11,825,850
AHP Loan	\$ 1,080,000	\$ 1,080,000
Sponsor Loan	\$ 1,849,949	\$ 1,849,949
Limited Partner Equity	\$ 1,794,785	\$ 11,965,233
General Partner Equity	\$ 0	\$ 1,153,948
Developer Fee and Reserves Deferred to Perm	\$ 2,276,298	\$ 146,052
Total Sources	\$ 29,501,032	\$ 29,501,032

Uses of Funds:	
Acquisition/Land Purchase	\$ 31,822
On & Off Site Costs	\$ 2,877,824
Hard Construction Costs	\$ 13,075,009
Architect & Engineering Fees	\$ 800,925
Contractor Overhead & Profit	\$ 600,000
Developer Fee	\$ 2,500,000
Cost of Issuance	\$ 385,916
Capitalized Interest	\$ 410,156
Other Soft Costs (Marketing, etc.)	\$ 8,819,380
Total Uses	\$ 29,501,032

Description of Financial Structure and Bond Issuance:

JPMorgan Chase Bank, N.A. will provide the private placement of tax-exempt private activity bonds up to \$17,500,000. The interest rate for the construction loan shall be one-month LIBOR times the bank's tax exempt factor of 70.88% plus 2.17% adjusted monthly on a 360 day basis. Maturity will be twenty-four (24) months. The interest rate for the permanent loan shall be the 10-year interest rate swap times the bank's tax exempt factor of 70.88% plus 3.33%. The rate, if the Loan were to be funded today, would be approximately 5.00%. The rate shall be locked at construction loan closing. Maturity will be 22 years from the date of the recordation of the construction loan. The permanent loan term will be that portion of the 22 years remaining once permanent loan conversion occurs.

Analyst Comments:

Not Applicable

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: 97.5 out of 130

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$17,500,000 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	0
Large Family Units	5	5	5
Leveraging	10	10	10
Community Revitalization Area	15	15	0
Site Amenities	10	10	7.5
Service Amenities	10	10	10
New Construction	10	10	10
Sustainable Building Methods	10	10	10
Negative Points	-10	-10	0
Total Points	130	100	97.5

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.