

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
January 15, 2014
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Leslie J. Campaz

Applicant: California Municipal Finance Authority

Allocation Amount Requested:
Tax-exempt: \$6,200,000

Project Information:
Name: Main Street Park I Apartments
Project Address: 1101 Main Street
Project City, County, Zip Code: Half Moon Bay, San Mateo, 94109

Project Sponsor Information:
Name: Main Street Park I, L.P. (Main Street Park I LLC)
Principals: Mark Battey, Terry Freeman, Daniel K. Seubert, and Mari Tustin.
Property Management Company: MidPen Property Management Corporation

Project Financing Information:
Bond Counsel: Jones Hall, A Professional Law Corporation
Private Placement Purchaser: Citibank, N.A.
TEFRA Hearing Date: October 15, 2013

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 35, plus 1 manager unit
Type: Acquisition and Rehabilitation
Type of Units: Family

The proposed project is an existing affordable housing development located in the City of Half Moon Bay. The target population for the units is large families. The units at Main Street Park I are arranged in 10 buildings separated by green open spaces and connected by ground-level walkways. Affordable units include 5 one-bedroom units, 16 two-bedroom units, 12 three-bedroom units, and 2 four-bedroom units restricted at 50% and 60% of the area median income. The scope of work will include replacement of siding, windows, stair railings and window trim, site lighting, and upgrades to older furnaces and hot water heaters in order to improve energy performance.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%

43% (15 units) restricted to 50% or less of area median income households.

57% (20 units) restricted to 60% or less of area median income households.

Unit Mix: 1, 2, 3 & 4 bedrooms

After school programs and a bona fide service coordinator will be included as service amenities for a minimum of 10 years.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$	12,981,678	
Estimated Hard Costs per Unit:	\$	63,143	(\$2,210,000 /35 units)
Estimated per Unit Cost:	\$	370,905	(\$12,981,678 /35 units)
Allocation per Unit:	\$	177,143	(\$6,200,000 /35 units)
Allocation per Restricted Rental Unit:	\$	177,143	(\$6,200,000 /35 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 6,200,000	\$ 1,757,700
Developer Equity	\$ 0	\$ 32,914
LIH Tax Credit Equity	\$ 600,000	\$ 4,071,064
Direct & Indirect Public Funds	\$ 1,810,000	\$ 1,810,000
Other (project reserves, Seller take-back)	\$ 3,110,000	\$ 5,310,000
Total Sources	\$ 11,720,000	\$ 12,981,678

Uses of Funds:	
Acquisition/Land Purchase	\$ 7,205,000
On-Site & Off-Site Costs	\$ 228,990
Hard Construction Costs	\$ 1,981,010
Architect & Engineering Fees	\$ 181,500
Contractor Overhead & Profit	\$ 390,000
Developer Fee	\$ 1,420,568
Relocation	\$ 10,000
Capitalized Interest	\$ 131,123
Cost of Issuance	\$ 287,316
Other Soft Costs (Marketing, etc.)	\$ 1,146,171
Total Uses	\$ 12,981,678

Description of Financial Structure and Bond Issuance:

This will be a private placement bond transaction with the bonds being purchased by Citibank, N.A. The bonds will be issued by the California Municipal Finance Authority. The construction period will be for a term of 18 months . The interest rate on the loan will be a variable rate based on a spread of 2.25% over LIBOR Index. The permanent loan will have a 16 year term with an amortization period of 30 years. The interest rate will be a fixed rate at equal to the sum of 18 year maturity LIBOR swap Index plus a spread of 2.40%.

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: 82.5 out of 130
[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$6,200,000 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	7.5
Service Amenities	10	10	10
New Construction	10	10	0
Sustainable Building Methods	10	10	0
Negative Points	-10	-10	0
Total Points	130	100	82.5

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.