

**THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**  
**March 18, 2015**  
**Revised Staff Report**  
**REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A**  
**QUALIFIED RESIDENTIAL RENTAL PROJECT**

*Prepared by: Brian Clark*

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**Applicant:** California Municipal Finance Authority

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**Allocation Amount Requested:**  
**Tax-exempt:** \$21,500,000

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**Project Information:**  
**Name:** 6800 Mission Family Housing Apartments  
**Project Address:** 6800-6834 Mission St.; 325-331 Miriam St.  
**Project City, County, Zip Code:** Daly City, San Mateo, 94014

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**Project Sponsor Information:**  
**Name:** MP Westlake Associates, LP (MP Westlake, LLC)  
**Principals:** Cheryl Quay, Mari Tustin, Matthew O. Franklin, Debra Sobeck  
& Jan Lindenthal for MP Westlake, LLC  
**Property Management Company:** MidPen Property Management Corporation

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**Project Financing Information:**  
**Bond Counsel:** Jones Hall, A Professional Law Corporation  
**Private Placement Purchaser:** Citibank, NA  
**TEFRA Adoption Date:** October 13, 2014

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**Description of Proposed Project:**  
**State Ceiling Pool:** General  
**Total Number of Units:** 51, plus 1 manager unit  
**Type:** New Construction  
**Type of Units:** Family

The proposed Project will be located on approximately .76 acres in Daly City and will consist of a single elevator-served four story L-shaped structure with a landscaped courtyard over a 78 space concrete podium parking garage. The Project will house 20 one-bedroom units, 15 two-bedroom units, 16 three-bedroom units (51 total tenant units) and a single two-bedroom manager's unit above 2,230 sq./ft. of ground floor retail space. All tenant units will be income restricted; 38 units at 50% AMI and 13 units at 60% AMI. 10% of the units will be built out to meet ADA accessibility standards and 4% of the units will be designed for hearing/visually impaired residents All units will be adaptable and will have central heat/AC, blinds, carpeting, ceiling fan, stove, garbage disposal, refrigerator and dishwasher. Community amenities include on-site property management, community room with kitchen, a classroom, resident services office, laundry room, exercise room, playground, rooftop-mounted solar thermal hot water collectors and photovoltaic panels to offset the common area electric load. Construction is expected to take 18 months with an anticipated start in April 2015.

**Description of Public Benefits:**

**Percent of Restricted Rental Units in the Project:** 100%  
75% (38 units) restricted to 50% or less of area median income households.  
25% (13 units) restricted to 60% or less of area median income households.  
**Unit Mix:** 1, 2 & 3 bedrooms

There are no service amenities.

**Term of Restrictions:**

**Income and Rent Restrictions:** 55 years

**Details of Project Financing:**

**Estimated Total Development Cost:** \$ 34,967,255  
**Estimated Hard Costs per Unit:** \$ 386,577 (\$19,715,452 /51 units)  
**Estimated per Unit Cost:** \$ 685,632 (\$34,967,255 /51 units)  
**Allocation per Unit:** \$ 421,569 (\$21,500,000 /51 units)  
**Allocation per Restricted Rental Unit:** \$ 421,569 (\$21,500,000 /51 restricted units)

The Project has total project costs that appear high for the geographic area in which it is located. According to the Project sponsor, the high cost is due to: high subcontractor & materials costs in the Bay Area; a Daly City requirement that the Project have 2,230 sq/ft of retail/commercial space; an irregular site configuration and slope requiring a concrete podium base with subterranean parking and substantial site grading, shoring and stabilization of neighboring structures; the Project's location in a Caltrans right-of-way, resulting in increased costs for required curb/gutter work and utility connections; and the Project site requires contaminated soil remediation and removal.

<b>Sources of Funds:</b>	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 21,500,000	\$ 7,805,000
Citi Subordinate Debt DOJ Settlement Loan	\$ 0	\$ 780,000
LIH Tax Credit Equity	\$ 973,416	\$ 14,434,211
Direct & Indirect Public Funds	\$ 11,035,422	\$ 11,035,422
GP Capital	\$ 0	\$ 1,100,000
Acc'd/Def'd Soft Debt Interest (basis portion)	\$ 301,821	\$ 301,821
<b>Total Sources</b>	<b>\$ 33,810,659</b>	<b>\$ 35,456,454</b>

<b>Uses of Funds:</b>	
Acquisition/Land Purchase	\$ 4,120,000
On & Off Site Costs	\$ 1,355,200
Hard Construction Costs	\$ 18,360,252
Architect & Engineering Fees	\$ 1,171,500
Contractor Overhead & Profit	\$ 744,488
Developer Fee	\$ 2,500,000
Cost of Issuance	\$ 150,275
Capitalized Interest	\$ 1,441,321
Other Soft Costs (Marketing, etc.)	\$ 5,613,418
<b>Total Uses</b>	<b>\$ 35,456,454</b>

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**Description of Financial Structure and Bond Issuance:**

The bonds will be purchased as a private placement transaction by Citibank, NA., in participation with Wells Fargo Bank, NA. The construction phase will be for a period of 24 months, during which the construction loan will be interest-only at a variable rate equal to one month LIBOR plus a spread of 1.60%. Upon conversion to permanent phase, the construction loan will be paid down to \$7,805,000 from low income housing tax credit equity. The permanent loan will have a 30 year term and a 35 year amortization period. The permanent loan will bear interest at a fixed rate equal to the 18-year LIBOR Swap Index, plus a spread of 1.80%.

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**Analyst Comments:**

Not Applicable

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**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.

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**Total Points:** 82.5 out of 130

[See Attachment A]

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**Recommendation:**

Staff recommends that the Committee approve \$21,500,000 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	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	0
New Construction	10	10	10
Sustainable Building Methods	10	10	0
Negative Points	-10	-10	0
<b>Total Points</b>	<b>130</b>	<b>100</b>	<b>82.5</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.