

**THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**  
**October 21, 2015**  
**Staff Report**  
**REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A**  
**QUALIFIED RESIDENTIAL RENTAL PROJECT**

*Prepared by: Brian Clark*

---

**Applicant:** California Municipal Finance Authority

---

**Allocation Amount Requested:**

**Tax-exempt:** \$4,536,975

---

**Project Information:**

**Name:** Ocean View Manor Apartments  
**Project Address:** 456 Elena Street  
**Project City, County, Zip Code:** Morro Bay, San Luis Obispo, 93442

---

**Project Sponsor Information:**

**Name:** Ocean View Manor, LP (Peoples' Self-Help Housing Corporation)  
**Principals:** John Fowler, Annette Montoya and Kenneth Trigueiro for Peoples' Self-Help Housing Corporation  
**Property Management Company:** The Duncan Group

---

**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, NA (const.) California Community Reinvestment Corporation (perm.)  
**TEFRA Adoption Date:** July 21, 2015

---

**Description of Proposed Project:**

**State Ceiling Pool:** Rural  
**Total Number of Units:** 39, plus 1 manager unit  
**Type:** Acquisition and Rehabilitation  
**Type of Units:** Senior Citizens

The Project, constructed in 1989, is located on a 2.03-acre site in Morro Bay. The Project, consisting of 5 single-story residential buildings, a community building and 31 surface parking spaces; houses 39 tenant units (9 studio units and 30 one-bedroom units) and a single one-bedroom manager's unit. All tenant units will be income restricted at 50% Area Median Income. Unit amenities include carpeting, blinds, stove/oven, garbage disposal, refrigerator, wall-mounted heater, and patio/balcony. Community amenities include on-site management, a clubhouse, laundry room, storage area, security system and social services counselor. Unit renovations will include new plumbing fixtures, kitchen appliances, counter tops, cabinets, windows, blinds, entry doors and locks. Community renovations will include new solar hot water heaters, clothes dryers, signage security cameras, storage area and exterior lighting; renovations to the community room and management office; ADA accessibility improvements and upgraded landscaping. Rehabilitation is expected to start in late 2015 and last approximately 10 months.

**Description of Public Benefits:**

**Percent of Restricted Rental Units in the Project:** 100%  
100% (39 units) restricted to 50% or less of area median income households.  
**Unit Mix:** Studio & 1 bedroom

There will be no service amenities.

**Term of Restrictions:**

**Income and Rent Restrictions:** 55 years

**Details of Project Financing:**

<b>Estimated Total Development Cost:</b>	\$ 7,766,161	
<b>Estimated Hard Costs per Unit:</b>	\$ 31,521	(\$1,229,329 /39 units)
<b>Estimated per Unit Cost:</b>	\$ 199,132	(\$7,766,161 /39 units)
<b>Allocation per Unit:</b>	\$ 116,333	(\$4,536,975 /39 units)
<b>Allocation per Restricted Rental Unit:</b>	\$ 116,333	(\$4,536,975 /39 restricted units)

<b>Sources of Funds:</b>	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 4,536,975	\$ 2,416,200
City of Morrow Bay Loan	\$ 0	\$ 50,000
Seller Carryback Note	\$ 2,692,950	\$ 2,692,950
Accrued/Deferred Interest	\$ 98,382	\$ 98,382
LIH Tax Credit Equity	\$ 102,324	\$ 2,046,472
Deferred Costs	\$ 78,823	\$ 0
Deferred Developer Fee	\$ 256,707	\$ 256,707
Operating Income	\$ 0	\$ 117,500
Other Soft Costs(Marketing, etc.)	\$ 0	\$ 87,950
<b>Total Sources</b>	<b>\$ 7,766,161</b>	<b>\$ 7,766,161</b>

<b>Uses of Funds:</b>	
Acquisition/Land Purchase	\$ 4,367,950
Hard Construction Costs	\$ 1,229,329
Architect & Engineering Fees	\$ 96,466
Contractor Overhead & Profit	\$ 180,712
Developer Fee	\$ 764,125
Legal Fees	\$ 110,000
Relocation	\$ 100,000
Cost of Issuance	\$ 186,195
Construction & Permanent Financing	\$ 278,970
Reserves	\$ 198,471
Other Soft Costs (Marketing, etc.)	\$ 253,943
<b>Total Uses</b>	<b>\$ 7,766,161</b>

---

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

The bonds will be purchased as private placement transactions by Wells Fargo Bank, NA (construction phase) and California Community Reinvestment Corporation (permanent phase). During the construction financing phase the loan term will be for 15 months with a variable interest rate equal to 30-day LIBOR plus 1.65%. During the permanent financing phase, the loan term will be for 15 years with an amortization period of 35 years at a fixed rate equal to the greater of the 15-year Muni Bond Index plus 175 bps or 5.75%. There was no underwritten rate provided.

---

**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:**

66 out of 130

[See Attachment A]

---

**Recommendation:**

Staff recommends that the Committee approve \$4,536,975 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	0
Leveraging	10	10	1
Community Revitalization Area	15	15	0
Site Amenities	10	10	5
Service Amenities	10	10	0
New Construction	10	10	0
Sustainable Building Methods	10	10	10
Negative Points	-10	-10	0
<b>Total Points</b>	<b>130</b>	<b>100</b>	<b>66</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.