

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
May 18, 2016
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Devon King

Applicant: California Municipal Finance Authority

Allocation Amount Requested:
Tax-exempt: \$8,500,000

Project Information:
Name: Manzanita Place Apartments
Project Address: 1019 Madden Lane
Project City, County, Zip Code: Roseville, Placer, 95661

Project Sponsor Information:
Name: Manzanita VOA Affordable Housing, LP (Manzanita Place VOA Affordable Housing LLC)
Principals: Michael King, Patrick Sheridan, Tom Turnbull for Manzanita Place VOA Affordable Housing LLC;
Property Management Company: Volunteers of America Northern California and Northern Nevada

Project Financing Information:
Bond Counsel: Quint & Thimmig LLP
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Private Placement Purchaser: Wells Fargo Bank N.A.
TEFRA Noticing Date: February 26, 2016
TEFRA Adoption Date: March 16, 2016

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 62, plus 1 manager unit
Type: Acquisition and Rehabilitation
Type of Units: Senior Citizens

Manzanita Place Apartments (“Property”) is a 63-unit senior apartment property located in the Cirby Side neighborhood of Roseville, that consists of 15 studio units, 47 one-bedroom units, and one 2-bedroom managers unit. The property at 1019 Madden Lane consists of 1 residential building on a level 1.52 acre parcel. The building was originally designed in 1990. Of the proposed LIHTC units, 7 units will be restricted at 50% AMI and 55 units will be restricted at 60% AMI. One unit will be a manager’s unit. Site work includes the replacement of site lighting fixtures for enhanced energy efficiency and safety and the renovation of the community outdoor courtyard. The landscape repairs will include the construction of garden boxes and a Bocci Ball court. Improvements to the building exteriors include roof, eaves, and stucco repair. Auto entry doors will be replaced or refurbished where necessary and the front entry design will be revised. Common area needs include a new elevator and existing elevator upgrades with new emergency generator, expanded community space, office space for service coordinator, additional laundry facilities, flooring, wireless emergency call system and ADA upgrades. Repairs will be made to common area doors and all floor common areas will be repainted. Key unit needs include flooring, appliances, cabinets and countertops, doors, plumbing fixtures and ADA unit upgrades. Walk in showers at accessible units as well as tubs in all the other units will be refurbished. Lighting fixtures will be replaced with energy efficient models. Each unit will receive new interior paint. New refrigerators, ranges, and microwaves will be installed in every unit. Construction is scheduled to start in December 2016 and end in December 2017.

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

Unit Mix: Studio & 1 bedroom

The proposed project will not be providing service amenities.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$ 16,859,509	
Estimated Hard Costs per Unit:	\$ 51,668	(\$3,203,411 /62 units)
Estimated per Unit Cost:	\$ 271,928	(\$16,859,509 /62 units)
Allocation per Unit:	\$ 137,097	(\$8,500,000 /62 units)
Allocation per Restricted Rental Unit:	\$ 137,097	(\$8,500,000 /62 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 8,500,000	\$ 4,800,000
Deferred Developer Fee	\$ 0	\$ 273,481
Acquired Reserves	\$ 0	\$ 426,104
LIH Tax Credit Equity	\$ 1,815,408	\$ 5,241,927
Seller Carryback	\$ 6,117,997	\$ 6,117,997
Transferred Reserve for Replacement	\$ 426,104	\$ 0
Total Sources	\$ 16,859,509	\$ 16,859,509

Uses of Funds:	
Land Cost/Acquisition	\$ 8,391,104
Rehabilitation	\$ 3,667,509
Relocation	\$ 157,500
Architectural Fees	\$ 288,307
Construction Interest and Fees	\$ 560,552
Permanent Financing	\$ 10,000
Legal Fees	\$ 295,000
Reserves	\$ 281,665
Contingency	\$ 769,304
Appraisal	\$ 15,000
Survey and Engineering	\$ 20,000
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 454,870
Developer Costs	\$ 1,948,698
Total Uses	\$ 16,859,509

Description of Financial Structure and Bond Issuance:

The proposed financial structure will be a private placement transaction provided Wells Fargo Bank N.A. During the construction financing phase the loan term will be for 24 months with a variable interest rate equal to the sum of 1 month LIBOR plus 165 basis points. During the permanent financing phase, the loan term will be for 18 years with an amortization period of 35 years at a fixed indicative rate of 4.15%

Analyst Comments:

None

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: 57.5 out of 140
[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$8,500,000 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
Preservation Project	20	20	10
Exceeding Minimum Income Restrictions:	35	15	25
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	0
Gross Rents	5	5	5
Large Family Units	5	5	0
Leveraging	10	10	0
Community Revitalization Area	5	5	0
Site Amenities	10	10	7.5
Service Amenities	10	10	0
Substantial Renovation	10	10	10
Sustainable Building Methods	10	10	0
Forgone Eligible Developer Fee (Competitive Allocation Process Only)	10	10	0
Minimum Term of Restrictions (Competitive Allocation Process Only)	10	10	0
Negative Points (No Maximum)	-10	-10	0
Total Points	140	110	57.5

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.