

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
July 20, 2016
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Louise Eller

Applicant: California Public Finance Authority

Allocation Amount Requested: Tax-exempt: \$21,590,000

Project Information:

Name: Mountain View Apartments
Project Address: 68680 Dinah Shore Drive
Project City, County, Zip Code: Cathedral City, Riverside, 92234

Project Sponsor Information:

Name: Mountain View Community Partners, L.P. (The Beneficial Housing Foundation and WNC - Mountain View, LLC)
Principals: Kimberley B. McClintock for The Beneficial Housing Foundation and Anand Kannan and Wilfred N. Cooper for WNC - Mountain View, LLC.
Property Management Company: MBS Property Management, Inc.

Project Financing Information:

Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Private Placement Purchaser: Rabobank, NA and Bonneville Mortgage Company
TEFRA Noticing Date: May 10, 2016
TEFRA Adoption Date: May 25, 2016

Description of Proposed Project:

State Ceiling Pool: General
Total Number of Units: 276, plus 4 manager units
Type: Acquisition and Rehabilitation
Type of Units: Senior Citizens

Mountain View Apartments is an existing senior project located in Cathedral City. The project contains 70 one-story garden style apartment buildings totaling 280 one-bedroom units. The site has two one-story community buildings, which contain the leasing office, two laundry centers, property storage, the community room, and the community kitchen. All structures are wood frame construction with a combination of wood trim around windows, and stucco siding, on concrete slab foundations. All units are flats. The rehabilitation program will address health and safety issues, ADA, deferred maintenance, and energy efficiency when possible. Currently, the Developer is planning on significant exterior upgrades, window replacement, stucco work, building envelope and HVA work. All bathrooms will be fully turned, kitchen countertops and cabinetry will be addressed as needed, improved fencing, landscaping improvements, asphalt, deferred maintenance items, and replacing and upgrading building systems as necessary. Construction is expected to begin October 2016 and complete September 2017.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%

30% (83 units) restricted to 50% or less of area median income households.

70% (193 units) restricted to 60% or less of area median income households.

Unit Mix: 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:	\$	41,263,018	
Estimated Hard Costs per Unit:	\$	35,507	(\$9,800,000 /276 units)
Estimated per Unit Cost:	\$	149,504	(\$41,263,018 /276 units)
Allocation per Unit:	\$	78,225	(\$21,590,000 /276 units)
Allocation per Restricted Rental Unit:	\$	78,225	(\$21,590,000 /276 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 21,590,000	\$ 15,830,000
Replacement Reserves	\$ 2,100,000	\$ 2,100,000
LIH Tax Credit Equity	\$ 6,914,522	\$ 13,829,045
USDA RD 515 Loan Assumption	\$ 8,549,144	\$ 8,549,144
Deferred Developer Equity	\$ 1,642,986	\$ 488,463
NOI/Capitalized Interest	\$ 466,366	\$ 466,366
Total Sources	\$ 41,263,018	\$ 41,263,018

Uses of Funds:	
Land Cost/Acquisition	\$ 20,350,000
Predevelopment Interest/Holding Cost	\$ 50,000
Rehabilitation	\$ 11,034,800
Relocation	\$ 150,000
Contractor Overhead	\$ 392,000
Architectural Fees	\$ 75,000
Survey and Engineering	\$ 100,000
Construction Interest and Fees	\$ 1,558,269
Permanent Financing	\$ 292,919
Legal Fees	\$ 195,000
Reserves	\$ 880,000
Appraisal	\$ 11,500
Contingency Cost	\$ 1,142,680
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 330,848
Developer Costs	\$ 4,700,002
Total Uses	\$ 41,263,018

Description of Financial Structure and Bond Issuance:

The bonds will be purchased in a private placement transaction by Rabobank, N.A. in the construction phase and Bonneville Mortgage Company in the permanent phase. During the construction financing phase the loan term will be for 24 months with an interest rate of 4.50% . During the permanent financing phase, the loan term will be for 40 years with an amortization period of 40 years at a fixed rate of 4.365%.

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: 65 out of 140

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$21,590,000 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	0
Exceeding Minimum Income Restrictions:	35	15	35
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	10
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	5
Service Amenities	10	10	0
New Construction or 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	120	65

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.