

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
November 16, 2016
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Louise Eller

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| Applicant: | California Municipal Finance Authority |
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| Allocation Amount Requested: | Tax-exempt: \$34,500,000 |
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| Project Information: | Name: Monterey Pines Apartments |
| | Project Address: 680 South 37th Street |
| | Project City, County, Zip Code: Richmond, Contra Costa, 94804 |

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| Project Sponsor Information: | Name: Monterey Venture, L.P. (Monterey GP LLC & Pacific Southwest Community Development Corporation) |
| | Principals: Sydne Garchik for Monterey GP LLC and Robert Laing for Pacific Southwest Community Development Corporation |
| | Property Management Company: Apartment Management Consultants, LLC |

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| Project Financing Information: | Bond Counsel: Orrick, Herrington & Sutcliffe LLP |
| | Private Placement Purchaser: CBRE Capital Markets, Inc. |
| | Public Sale: Not Applicable |
| | Underwriter: Not Applicable |
| | TEFRA Noticing Date: September 23, 2016 |
| | TEFRA Adoption Date: October 18, 2016 |

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| Description of Proposed Project: | State Ceiling Pool: General |
| | Total Number of Units: 321, plus 3 manager units |
| | Type: Acquisition and Rehabilitation |
| | Type of Units: Family |

Monterey Pines Apartments is an existing project located in Richmond on a 14.46 acre site. The project consists of 321 restricted rental units and 3 manager units. The project has 198 two-bedroom units and 123 three-bedroom units. The renovations will include building exterior/interior upgrades as well as common area updates. Building exterior renovations will consist of stucco repairs, siding installations, roof replacement, window replacements, and a fresh coat of paint. Interior renovations will include laundry room, leasing office, and community room upgrades. Individual apartment units will receive a new appliance package, countertops, cabinets, fixtures, paint, and electrical updates. Lastly, common or site area renovation will consist of concrete repairs, asphalt replacement/sealing, ADA updates, and lighting/signage/landscaping improvements. The construction is expected to begin in October 2016 and last approximately 12 months.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
85% (272 units) restricted to 50% or less of area median income households.
15% (49 units) restricted to 60% or less of area median income households.
Unit Mix: 2 & 3 bedrooms

The proposed project will not be providing service amenities.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

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| Estimated Total Development Cost: | \$ 58,566,761 | |
| Estimated Hard Costs per Unit: | \$ 22,925 | (\$7,358,941 /321 units) |
| Estimated per Unit Cost: | \$ 180,762 | (\$58,566,761 /324 units including mgr. units) |
| Allocation per Unit: | \$ 107,477 | (\$34,500,000 /321 units) |
| Allocation per Restricted Rental Unit: | \$ 107,477 | (\$34,500,000 /321 restricted units) |

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| Sources of Funds: | Construction | Permanent |
| Tax-Exempt Bond Proceeds | \$ 34,500,000 | \$ 34,500,000 |
| LIH Tax Credit Equity | \$ 19,120,027 | \$ 19,120,027 |
| Cash Flow During Construction | \$ 2,080,895 | \$ 2,080,895 |
| Deferred Developer Fee | \$ 2,865,838 | \$ 2,865,838 |
| Total Sources | \$ 58,566,760 | \$ 58,566,760 |

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| Uses of Funds: | |
| Land Cost/Acquisition | \$ 37,665,000 |
| Rehabilitation | \$ 8,331,278 |
| Relocation | \$ 50,000 |
| Contractor Overhead | \$ 147,131 |
| Architectural Fees | \$ 300,000 |
| Construction Interest and Fees | \$ 2,370,994 |
| Permanent Financing | \$ 498,750 |
| Legal Fees | \$ 210,000 |
| Reserves | \$ 959,359 |
| Appraisal | \$ 10,000 |
| Contingency Cost | \$ 847,841 |
| Other Project Costs (Soft Costs, Marketing, etc.) | \$ 391,459 |
| Developer Costs | \$ 6,784,949 |
| Total Uses | \$ 58,566,760 |

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: 65.5 out of 140

[See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$34,500,000 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 |
|--|--|--|---------------|
| Preservation Project | 20 | 20 | 10 |
| Exceeding Minimum Income Restrictions: | 35 | 15 | 35 |
| 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 | 5 |
| Leveraging | 10 | 10 | 0 |
| Community Revitalization Area | 5 | 5 | 0 |
| Site Amenities | 10 | 10 | 7.5 |
| Service Amenities | 10 | 10 | 0 |
| New Construction or Substantial Renovation | 10 | 10 | 0 |
| Sustainable Building Methods | 10 | 10 | 3 |
| 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 | 65.5 |

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.