

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
July 19, 2017
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Ruben Barcelo

Applicant: California Municipal Finance Authority

Allocation Amount Requested:
Tax-exempt: \$7,100,000

Project Information:
Name: Monterra Village Apartments
Project Address: 860-950 Mantelli Drive
Project City, County, Zip Code: Gilroy, Santa Clara, 95020

Project Sponsor Information:
Name: MRW, L.P. (MRW GP, LLC)
Principals: Linda Mandolini, Jan Peters and Joseph Postigo
Property Management Company: Eden Housing Management, Inc.

Project Financing Information:
Bond Counsel: Jones Hall, A Professional Law Corporation
Private Placement Purchaser: Rabobank, N.A. (construction)/California Community Reinvestment Corporation (permanent)
Cash Flow Permanent Bond: Not Applicable
Public Sale: Not Applicable
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Rating: Not Applicable
TEFRA Noticing Date: January 20, 2017
TEFRA Adoption Date: February 6, 2017

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 34
Manager's Units: 1 Unrestricted
Type: Acquisition and Rehabilitation
Population Served: Family

Monterra Village Apartments is an existing project located in Gilroy on a 2.38-acre site. The project consists of 33 restricted rental units and 1 unrestricted manager's unit. The project provides 14 two-bedroom units, 16 three-bedroom units and 4 four-bedroom units. Building exterior renovations will consist of roof replacement, siding and balcony/deck repair and new paint. Interior renovations will include upgrades to the community room and kitchen, installation of a solar photovoltaic system as budget allows, and upgrades to the HVAC, plumbing and electrical systems. Individual apartment units will be updated with replacement of lighting, flooring, cabinets, countertops, kitchen appliances and bathroom ventilation fans. Lastly, common area renovations will consist of ADA upgrades, carport repair, and playground and landscape upgrades. The rehabilitation is expected to begin in September 2017 and to be completed in March 2018.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
100% (33 units) restricted to 50% or less of area median income households.
Unit Mix: 2, 3 & 4 bedrooms

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:	\$ 11,500,616	
Estimated Hard Costs per Unit:	\$ 78,429	(\$2,666,590 /34 units including mgr. units)
Estimated per Unit Cost:	\$ 338,253	(\$11,500,616 /34 units including mgr. units)
Allocation per Unit:	\$ 208,824	(\$7,100,000 /34 units including mgr. units)
Allocation per Restricted Rental Unit:	\$ 215,152	(\$7,100,000 /33 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 7,100,000	\$ 1,270,000
LIH Tax Credit Equity	\$ 348,938	\$ 3,343,615
General Partner Equity	\$ 0	\$ 100
Deferred Developer Fee	\$ 0	\$ 583,122
Seller Carryback Loan	\$ 1,983,642	\$ 1,983,642
HCD HOME Assumed Loan	\$ 537,274	\$ 537,274
Net Income From Operations	\$ 0	\$ 62,395
Santa Clara County Assumed Loan	\$ 526,128	\$ 526,128
Santa Clara County New Loan	\$ 0	\$ 1,159,810
Soft Loan Accrued Interest	\$ 41,897	\$ 41,897
Sponsor Loan	\$ 0	\$ 1,992,633
Total Sources	\$ 10,537,879	\$ 11,500,616

Uses of Funds:	
Land Cost/Acquisition	\$ 5,000,000
Rehabilitation	\$ 2,823,715
Contractor Overhead & Profit	\$ 115,850
Architectural Fees	\$ 341,800
Survey and Engineering	\$ 51,000
Construction Interest and Fees	\$ 709,575
Permanent Financing	\$ 26,900
Legal Fees	\$ 35,000
Reserves	\$ 208,462
Appraisal	\$ 7,500
Hard Cost Contingency	\$ 275,939
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 483,803
Developer Costs	\$ 1,383,122
Development Interest/ Holding Cost	\$ 37,950
Total Uses	\$ 11,500,616

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:

90 out of 140 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$7,100,000 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	20
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	10
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	N/A
Minimum Term of Restrictions (Competitive Allocation Process Only)	10	10	N/A
Negative Points (No Maximum)	-10	-10	0
Total Points	140	110	90