

**THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**  
**November 15, 2017**  
**Staff Report**  
**REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A**  
**QUALIFIED RESIDENTIAL RENTAL PROJECT**

*Prepared by: Ruben Barcelo*

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<b>Applicant:</b>	<b>California Municipal Finance Authority</b>
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<b>Allocation Amount Requested:</b>	<b>Tax-exempt:</b>	\$5,500,000
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<b>Project Information:</b>	<b>Name:</b>	<b>Martin Street Apartments</b>
	<b>Project Address:</b>	1255 Martin Street
	<b>Project City, County, Zip Code:</b>	Lakeport, Lake, 95453

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<b>Project Sponsor Information:</b>	<b>Name:</b>	Lakeport Family Associates, a California LP (Valley Initiative for Affordable Housing; and TPC Holdings V, LLC)
	<b>Principals:</b>	Ann MacDonald, Kirk Kano, Dorothy Knox, Michelle Mineni and Bob Taniguchi for Valley Initiative for Affordable Housing; and Caleb Roope for TPC Holdings V, LLC
	<b>Property Management Company:</b>	Buckingham Property Management

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<b>Project Financing Information:</b>	<b>Bond Counsel:</b>	Orrick, Herrington & Sutcliffe LLP
	<b>Private Placement Purchaser:</b>	Boston Capital Finance LLC (construction only)
	<b>Cash Flow Permanent Bond:</b>	Not Applicable
	<b>Public Sale:</b>	Not Applicable
	<b>Underwriter:</b>	Not Applicable
	<b>Credit Enhancement Provider:</b>	Not Applicable
	<b>Rating:</b>	Not Applicable
	<b>TEFRA Noticing Date:</b>	September 29, 2017
	<b>TEFRA Adoption Date:</b>	October 17, 2017

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<b>Description of Proposed Project:</b>	<b>State Ceiling Pool:</b>	Rural
	<b>Total Number of Units:</b>	24
	<b>Manager's Units:</b>	1 Unrestricted
	<b>Type:</b>	New Construction
	<b>Population Served:</b>	Family

Martin Street Apartments is a new construction project located in Lakeport on a 2.85-acre site. The project will consist of 23 restricted rental units and 1 unrestricted manager unit. The project will provide 12 two-bedroom units and 12 three-bedroom units. It will be comprised of two-story garden style apartments of wood frame construction on concrete slab foundations. Common amenities include an outdoor children's playground and a large community building that will include an office, maintenance room, computer learning center, laundry facility, exercise room, community room and kitchen. Individual units will feature a refrigerator, range/oven, dishwasher, disposal, exhaust fans and an outdoor balcony or patio. Covered parking spaces will be provided. Construction is expected to begin in April 2018 and to be completed in April 2019.

**Description of Public Benefits:**

**Percent of Restricted Rental Units in the Project:** 100%

78% (18 units) restricted to 50% or less of area median income households.

22% (5 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:**

<b>Estimated Total Development Cost:</b>	\$ 8,662,537	
<b>Estimated Hard Costs per Unit:</b>	\$ 175,623	(\$4,214,952 /24 units including mgr. units)
<b>Estimated per Unit Cost:</b>	\$ 360,939	(\$8,662,537 /24 units including mgr. units)
<b>Allocation per Unit:</b>	\$ 229,167	(\$5,500,000 /24 units including mgr. units)
<b>Allocation per Restricted Rental Unit:</b>	\$ 239,130	(\$5,500,000 /23 restricted units)

<b>Sources of Funds:</b>	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 5,500,000	\$ 0
Taxable Bond Proceeds	\$ 0	\$ 400,000
LIH Tax Credit Equity	\$ 492,679	\$ 3,292,475
Deferred Developer Fee	\$ 1,070,062	\$ 470,062
Deferred Costs	\$ 99,796	\$ 0
City of Lakeport HOME Loan	\$ 1,500,000	\$ 4,500,000
<b>Total Sources</b>	<b>\$ 8,662,537</b>	<b>\$ 8,662,537</b>

<b>Uses of Funds:</b>	
Land Cost/Acquisition	\$ 191,000
New Construction	\$ 4,518,749
Contractor Overhead & Profit	\$ 337,196
Architectural Fees	\$ 300,000
Survey and Engineering	\$ 145,000
Construction Interest and Fees	\$ 365,000
Permanent Financing	\$ 100,000
Legal Fees	\$ 60,000
Reserves	\$ 99,796
Appraisal	\$ 10,000
Hard Cost Contingency	\$ 241,000
Local Development Impact Fees	\$ 891,801
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 332,933
Developer Costs	\$ 1,070,062
<b>Total Uses</b>	<b>\$ 8,662,537</b>

**Analyst Comments:**

None.

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**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.

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**Total Points:**

72.5 out of 140 [See Attachment A]

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**Recommendation:**

Staff recommends that the Committee approve \$5,500,000 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	0
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	7.5
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
<b>Total Points</b>	<b>140</b>	<b>120</b>	<b>72.5</b>