

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
October 16, 2019
Staff Report
**REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT**

Prepared by: Isaac Clark III

Applicant: California Municipal Finance Authority

Allocation Amount Requested:
Tax-exempt: \$22,720,000

Project Information:
Name: Manzanita Family Apartments
Project Address: 2951 Soscol Avenue
Project City, County, Zip Code: Napa, Napa, 94558

Project Sponsor Information:
Name: Manzanita, LP (Manzanita, LP / Satellite AHA Development, Inc)
Principals: Mike Jacob, Rauly Butler, Francine Williams, and Ron Ridley for Satellite AHA Development, Inc.
Property Management Company: Satellite Affordable Housing Associates

Project Financing Information:
Bond Counsel: Jones Hall, A Professional Law Corporation
Private Placement Purchaser: Silicon Valley Bank
Cash Flow Permanent Bond: Not Applicable
Public Sale: Not Applicable
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Rating: Not Applicable
TEFRA Noticing Date: July 26, 2019
TEFRA Adoption Date: January 0, 1900

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 51
Manager's Units: 1 Unrestricted
Type: New Construction
Population Served: Family

Manzanita Family Apartments is a new construction project located in Napa on a 1.85-acre site. The project consists of 50 restricted rental units, 0 market rate units and 1 unrestricted manager unit. The project will have 25 one-bedroom units, 13 two-bedroom units and 13 three-bedroom units. The building is wood-frame construction (VA) 1-hour fire rated with a NFPA 13 fire sprinkler system and a post-tension concrete slab foundation. Unit amenities will include central heating and air, blinds, carpet, storage closet, coat closet, patio/balcony, refrigerator, stove, dishwasher, and microwave. Project amenities will include a community room, upper floor outdoor terrace, indoor bicycle storage, community vegetable garden, children's play area and courtyard with gate access, shared laundry equipment, surveillance camera, and elevator. The complex will have 85 parking spaces, including 2 accessible spaces. Manzanita Family Apartments project is designed to be highly energy efficient, with GreenPoint Rating (GPR) Gold status. The construction is expected to begin January 2020 and complete in May 2021.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
44% (22 units) restricted to 50% or less of area median income households.
56% (28 units) restricted to 60% or less of area median income households.
Unit Mix: 1, 2 & 3 bedrooms

The proposed project will not be receiving service amenity points.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost: \$ 34,546,768
Estimated Hard Costs per Unit: \$ 377,133 (\$19,233,790 /51 units including mgr. unit)
Estimated per Unit Cost: \$ 677,388 (\$34,546,768 /51 units including mgr. unit)
Allocation per Unit: \$ 445,490 (\$22,720,000 /51 units including mgr. unit)
Allocation per Restricted Rental Unit: \$ 454,400 (\$22,720,000 /50 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 22,720,000	\$ 2,844,000
Cash Flow Permanent Bonds	\$ 0	\$ 0
Tranche B Financing	\$ 0	\$ 0
D AHSC Loan & HCD National Housing Trust Fund	\$ 0	\$ 8,943,887
LP Tax Credit Equity	\$ 0	\$ 12,578,418
Accrued Interest-Public Loans	\$ 209,188	\$ 209,188
Deferred Developer Fee	\$ 390,000	\$ 390,000
Napa County	\$ 0	\$ 1,250,000
FHLB AHP	\$ 0	\$ 500,000
HCD State HOME	\$ 3,796,456	\$ 3,796,456
City of Napa	\$ 1,523,940	\$ 1,523,940
Seller Carry-Back	\$ 1,185,000	\$ 1,185,000
Cost Deferred Until Conversion	\$ 3,478,868	\$ 0
Limited Partner Contribution	\$ 1,243,316	\$ 1,325,879
Total Sources	\$ 34,546,768	\$ 34,546,768

Uses of Funds:	
Land Cost/Acquisition	\$ 2,422,000
Rehabilitation	\$ 0
Relocation	\$ 0
New Construction	\$ 19,445,550
Contractor Overhead & Profit	\$ 0
Architectural Fees	\$ 650,215
Survey and Engineering	\$ 550,000
Construction Interest and Fees	\$ 2,497,906
Permanent Financing	\$ 72,556
Legal Fees	\$ 25,000
Reserves	\$ 560,294
Appraisal	\$ 3,000
Hard Cost Contingency	\$ 2,274,450
Local Development Impact Fees	\$ 0
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 2,105,353
Developer Costs	\$ 3,940,444
Total Uses	\$ 34,546,768

Analyst Comments:

This project is considered a high cost per unit project. The project cost more on a per unit basis because fixed costs are spread across a relatively small number of units.

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:

75 out of 140 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$22,720,000 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]	10.00
Large Family Units	5	5	0.00
Leveraging	10	10	10.00
Community Revitalization Area	5	5	0.00
Site Amenities	10	10	10.00
Service Amenities	10	10	0.00
New Construction or Substantial Renovation	10	10	10.00
Sustainable Building Methods	10	10	0.00
Forgone Eligible Developer Fee (Competitive Allocation Process Only)	10	10	0.00
Minimum Term of Restrictions (Competitive Allocation Process Only)	10	10	0.00
Negative Points (No Maximum)	-10	-10	0.00
Total Points	140	120	75.00