

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
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Allocation Amount Requested:	
Tax-exempt:	\$44,000,000

Project Information:	
Name:	Del Monte Manor
Project Address:	1466 Yosemite Street
Project City, County, Zip Code:	Seaside, Monterey, 93955

Project Sponsor Information:	
Name:	Seaside Housing, LP (Terrex-Seaside AGP, Inc / Del Monte Manor, LLC)
Principals:	Matthew Locati for Seaside Housing, LP / Darryl Choates, Analisa Mitchell, and Ronald Britt for Del Monte Manor, Inc.
Property Management Company:	TerraCorp Financial, Inc

Project Financing Information:	
Bond Counsel:	Orrick, Herrington & Sutcliffe LLP
Private Placement Purchaser:	Stifel
Cash Flow Permanent Bond:	Not Applicable
Public Sale:	Not Applicable
Underwriter:	Not Applicable
Credit Enhancement Provider:	Not Applicable
Rating:	Not Applicable
TEFRA Noticing Date:	August 15, 2019
TEFRA Adoption Date:	January 0, 1900

Description of Proposed Project:	
State Ceiling Pool:	General
Total Number of Units:	190
Manager's Units:	2 Unrestricted
Type:	Acquisition and Rehabilitation
Population Served:	Family

Del Monte Manor is an existing project located in Seaside on a 8.76-acre site. The project consists of 145 restricted rental units, 43 market rate units and 2 unrestricted manager units. The project has 16 SRO/Studio units, 50 one-bedroom units, 92 two-bedroom units and 32 three-bedroom units. The renovations will include building (exterior/interior) upgrades. Building exterior renovations will consist of new trash enclosures, new exterior doors, and hardware, new windows, and patio doors. New gutters and downspouts, repave and stripe all parking lots and driveways, and replace all exterior stairways. Individual apartment units will be updated with replacement paint, flooring, countertops, cabinetry/casework, appliances, fixtures and furnishings as needed. The rehabilitation is expected to begin on December 1, 2019 and be completed on December 31, 2020.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 77%
38% (72 units) restricted to 50% or less of area median income households.
40% (75 units) restricted to 60% or less of area median income households.
Unit Mix: Studio, 1, 2 & 3 bedro

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: \$ 86,880,075
Estimated Hard Costs per Unit: \$ 105,033 (\$19,956,194 /190 units including mgr. units)
Estimated per Unit Cost: \$ 457,264 (\$86,880,075 /190 units including mgr. units)
Allocation per Unit: \$ 231,579 (\$44,000,000 /190 units including mgr. units)
Allocation per Restricted Rental Unit: \$ 303,448 (\$44,000,000 /145 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 44,000,000	\$ 22,500,000
Cash Flow Permanent Bonds	\$ 0	\$ 0
Tranche B Financing	\$ 0	\$ 0
Taxable Bond Proceeds	\$ 0	\$ 0
LIH Tax Credit Equity	\$ 0	\$ 27,268,706
Income from Operatons	\$ 560,275	\$ 560,275
Deferred Developer Fee	\$ 0	\$ 3,509,985
Construction Bond-Interest Income	\$ 0	\$ 1,173,334
Seller Carryback Loan	\$ 30,063,204	\$ 30,063,204
EAN Equity	\$ 526,787	\$ 526,787
Accrued Seller Note Interest	\$ 894,380	\$ 1,277,684
Total Investor Equity	\$ 8,607,683	\$ 0
MGP Equity (Del Monte Manor, LLC)	\$ 55	\$ 55
AGP Equity (Terrex-Seaside AGP, Inc.)	\$ 45	\$ 45
Total Sources	\$ 84,652,429	\$ 86,880,075

Uses of Funds:	
Land Cost/Acquisition	\$ 36,020,000
Rehabilitation	\$ 28,264,541
Relocation	\$ 600,000
New Construction	\$ 0
Contractor Overhead & Profit	\$ 0
Architectural Fees	\$ 381,898
Survey and Engineering	\$ 279,880
Construction Interest and Fees	\$ 3,847,196
Permanent Financing	\$ 350,553
Legal Fees	\$ 64,000
Reserves	\$ 4,481,985
Appraisal	\$ 9,000
Hard Cost Contingency	\$ 2,499,189
Local Development Impact Fees	\$ 0
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 3,101,848
Developer Costs	\$ 6,979,985
Total Uses	\$ 86,880,075

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 approves \$44,000,000 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	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
Large Family Units	5	5	0.00
Leveraging	10	10	0.00
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	110	64.79