

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
February 18, 2020
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:	\$29,160,000

Project Information:	
Name:	Firehouse Square
Project Address:	1300 El Camino Real
Project City, County, Zip Code:	Belmont, San Mateo, 94402

Project Sponsor Information:	
Name:	MP Firehouse Square, LLC (MP Firehouse Square, LLC)
Principals:	Matthew O. Franklin, President & CEO, Mick Vergura, CFO, Janine Lind, COO, Jan M. Lindenthal, Chief REDO, Marvin Williams, Senior VP of Prop. Mgmt., of MidPen Housing Corporation, Ann Googins Gregory, Senior VP of MidPen Services
Property Management Company:	MidPen Property Management Corporation

Project Financing Information:	
Bond Counsel:	Jones Hall, A Professional Law Corporation
Private Placement Purchaser:	Union 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:	December 1, 2019
TEFRA Adoption Date:	December 10, 2019

Description of Proposed Project:	
State Ceiling Pool:	General
Total Number of Units:	66
Manager's Units:	1 Unrestricted
Type:	New Construction
Population Served:	Family

Firehouse Square is located in Belmont on a 0.52-acre site. The entire project consists of 49 restricted rental units, 16 market rate units and 1 unrestricted manager unit. The entire project has 18 SRO/Studio units, 12 one-bedroom units, 18 two-bedroom units, 17 three-bedroom units, and 1 two-bedroom unit as the manager unit. Building exterior renovations will consist of an entry lobby, community room, leasing and property management offices. All units at Firehouse Square will be on an accessible path of travel. Ten percent (7) of the units shall provide mobility features complying with CBC chapter 11B and ADA. Bathrooms will have appropriate maneuvering space for a wheel chair, backing for grab bars, and removable base cabinets at the vanities. Accessible kitchens will be designed to accommodate mobility impairments and include features such as easily accessible shelves, counters, appliances, and electrical switches. The construction is expected to begin in July 2020 and end in June 2022.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 75%

68% (44 units) restricted to 50% or less of area median income households.
8% (5 units) restricted to 60% or less of area median income households.

Unit Mix: Studio, 1, 2 & 3 bedro

The proposed project will be receiving service amenity points.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$ 59,798,080	
Estimated Hard Costs per Unit:	\$ 594,795	(\$39,256,486 /66 units including mgr. unit)
Estimated per Unit Cost:	\$ 906,032	(\$59,798,080 /66 units including mgr. unit)
Allocation per Unit:	\$ 441,818	(\$29,160,000 /66 units including mgr. unit)
Allocation per Restricted Rental Unit:	\$ 595,102	(\$29,160,000 /49 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 29,160,000	\$ 9,718,000
Cash Flow Permanent Bonds	\$ 0	\$ 0
Tranche B Financing	\$ 0	\$ 10,406,000
Taxable Bond Proceeds	\$ 12,875,000	\$ 0
LIH Tax Credit Equity	\$ 0	\$ 29,144,085
Income from Operatons	\$ 0	\$ 0
Deferred Developer Fee	\$ 500,000	\$ 500,000
Costs Deferred Until Conversion	\$ 2,266,343	\$ 0
County of San Mateo	\$ 6,650,000	\$ 6,650,000
City of Belmont	\$ 3,000,000	\$ 3,000,000
Accrued Interest on Public Loans	\$ 379,995	\$ 379,995
Acquired Project Reserves	\$ 0	\$ 0
Capital Contribution (GP)	\$ 0	\$ 0
Capital Contribution (LP)	\$ 4,966,742	\$ 0
Total Sources	\$ 59,798,080	\$ 59,798,080

Uses of Funds:	
Land Cost/Acquisition	\$ 1,075,492
Rehabilitation	\$ 0
Relocation	\$ 0
New Construction	\$ 43,271,795
Contractor Overhead & Profit	\$ 1,191,049
Architectural Fees	\$ 1,292,000
Survey and Engineering	\$ 247,500
Construction Interest and Fees	\$ 3,429,029
Permanent Financing	\$ 20,000
Legal Fees	\$ 45,000
Reserves	\$ 409,693
Appraisal	\$ 7,500
Hard Cost Contingency	\$ 2,528,627
Local Development Impact Fees	\$ 1,568,286
Other Project Costs	\$ 1,712,109
Developer Costs	\$ 3,000,000
Total Uses	\$ 59,798,080

Analyst Comments:

The primary factor for Firehouse Square's high cost is the location in the San Francisco Bay area, which is a high cost region and ranks as one of the most expensive places in the nation for real estate

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:

125 out of 145 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$29,160,000 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]	9.90
Gross Rents	5	5	5.00
Large Family Units	5	5	5.00
Leveraging	10	10	10.00
Community Revitalization Area	5	5	0.00
Site Amenities	10	10	10.00
Service Amenities	10	10	10.00
New Construction or Substantial Renovation	10	10	10.00
Sustainable Building Methods	10	10	10.00
Forgone Eligible Developer Fee (Competitive Allocation Process Only)	10	10	10.00
Minimum Term of Restrictions (Competitive Allocation Process Only)	10	10	10.00
Negative Points (No Maximum)	-10	-10	0.00
Total Points	145	125	125