

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
March 16, 2016
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Devon King

Applicant: California Municipal Finance Authority

Allocation Amount Requested:
Tax-exempt: \$16,660,000

Project Information:
Name: City Center Plaza Apartments
Project Address: 950 Main Street
Project City, County, Zip Code: Redwood City, San Mateo, 94063

Project Sponsor Information:
Name: City Center Plaza, L.P.(MP City Center Plaza, LLC)
Principals: Mark Battey, Beth Bartlett, Paul Staley, Monique Moyer, Daniel Seubert for MP City Center Plaza, LLC
Property Management Company: MidPen Property Management Corporation

Project Financing Information:
Bond Counsel: Jones Hall, A Professional Law Corporation
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Private Placement Purchaser: Silicon Valley Bank (Construction) and CCRC(Permanent)
TEFRA Noticing Date: January 8, 2016
TEFRA Adoption Date: January 25, 2016

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 80, plus 1 manager unit
Type: Acquisition and Rehabilitation
Type of Units: Family

City Center Plaza is located at 950 Main Street, at the corner of Main Street and Middlefield Road in Downtown Redwood City. City Center Plaza was developed by MidPen Housing in 1997. The property is a two and three story garden apartment style building constructed on top of a podium deck with structured underground parking. The property consists of 20 one-bedroom units, 32 two-bedroom units, 22 three-bedroom units and 7 four-bedroom units. The property is currently to residents whose income is at or below 60% of Area Median Income (“AMI”) until 2052, with 1 unrestricted manager’s unit. City Center’s courtyards provide a gathering space for residents, and also include landscape planters and a play structure. The property has a community room, laundry room, two courtyards, playground area, and two trash enclosures. The community space includes computer and printer equipment, a kitchen area with microwave and sink, bathrooms, reception area, management office, and a services coordinator office. There is also an on-site child care facility. The property is a gated community with fob key entry system, and is serviced by two elevators from the garage to the street and podium deck (3 levels). The entrance to each unit is accessible by ground level or stairs. Construction is expected to begin in June of 2016, and end 8 months later in January 2017. The building is 18 years old and no major renovation has been implemented at the property. The rehabilitation scope will include the remainder of the property’s physical needs such as repainting and dry rot repairs at the courtyard areas, and other exterior and interior work. The renovation will also include an expansion of the existing community space to accommodate resident services and community activities. The renovation will address building needs, including construction defects and wear that the building has experienced over time.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%

41% (33 units) restricted to 50% or less of area median income households.

59% (47 units) restricted to 60% or less of area median income households.

Unit Mix: 1, 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:	\$ 28,716,767	
Estimated Hard Costs per Unit:	\$ 42,200	(\$3,376,000 /80 units)
Estimated per Unit Cost:	\$ 358,960	(\$28,716,767 /80 units)
Allocation per Unit:	\$ 208,250	(\$16,660,000 /80 units)
Allocation per Restricted Rental Unit:	\$ 208,250	(\$16,660,000 /80 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 16,660,000	\$ 4,928,000
Seller Carryback	\$ 7,481,458	\$ 7,481,458
LIH Tax Credit Equity	\$ 981,131	\$ 10,803,241
Developer Equity	\$ 511,034	\$ 511,034
Deferred Developer Fee	\$ 813,728	\$ 813,728
(Other) Accrued/Deferred Interest on Soft Debt	\$ 300,401	\$ 300,401
(Other) Withdrawal from Project Reserves	\$ 52,487	\$ 52,487
Other (PV Rebates)	\$ 43,150	\$ 43,150
(Other) Income from Operations	\$ 0	\$ 306,767
Other (PV Credit Equity)	\$ 0	\$ 43,070
(Other) Sponsor Loan	\$ 0	\$ 2,800,000
Public Funds Sources (City of Redwood CDBG)	\$ 262,355	\$ 262,355
Public Funds Sources(City of Redwood RDA)	\$ 371,076	\$ 371,076
Total Sources	\$ 27,476,820	\$ 28,716,767

Uses of Funds:	
Land Cost/Acquisition	\$ 16,695,001
Rehabilitation	\$ 4,894,601
Construction Interest and Fees	\$ 879,688
Architectural Fees	\$ 155,400
Permanent Financing	\$ 102,280
Legal Fees	\$ 100,500
Reserves	\$ 560,129
Contingency Cost	\$ 1,221,150
Appraisal	\$ 5,750
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 788,541
Developer Costs	\$ 3,313,727
Total Uses	\$ 28,716,767

Description of Financial Structure and Bond Issuance:

The proposed financial structure will be a private placement by Silicon Valley Bank (Construction) and California Community Reinvestment Corporation (Permanent) During the construction financing phase the loan term will be for 16 months with a fixed interest rate of 1.85%. During the permanent financing phase, the loan term will be for 17 years with an amortization period of 30 years at a (fixed/variable) rate of 15 year muni index plus 1.75%. The underwritten rate is 5.17%.

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: 74.9 out of 140

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$16,660,000 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
Gross Rents	5	5	5
Large Family Units	5	5	5
Leveraging	10	10	2.4
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	0
Minimum Term of Restrictions (Competitive Allocation Process Only)	10	10	0
Negative Points (No Maximum)	-10	-10	0
Total Points	140	120	74.9

The criteria for which points are awarded will also be incorporated into the Resolution transferring Allocation to the Applicant as well as the appropriate bond documents and loan and finance agreements.