



PROCEDURAL ITEMS FOR THE CMFA SUMMARY AND RECOMMENDATIONS

Items: A1, A2, A3

Action: Pursuant to the by-laws and procedures of CMFA, each meeting starts with the call to order and roll call (A1) and proceeds to a review and approval of the minutes from the prior meeting (A2). After the minutes have been reviewed and approved, time is set aside to allow for comments from the public (A3).



MONTEREY PINES APARTMENTS SUMMARY AND RECOMMENDATIONS

Applicant: MRK Partners

Action: Initial Resolution

Amount: \$40,000,000

Purpose: Finance Affordable Multi-Family Rental Housing Facility
Located in the City of Richmond, County of Contra Costa,
California

Activity: Affordable Housing

Meeting: August 16, 2016

Background:

MRK Partners, Inc. is a multi-family real estate investment and asset management firm that specializes in the acquisition, repositioning and preservation of affordable housing. They invest in multi-family real estate in primary U.S. markets including California, Florida, Maryland, Virginia and Washington DC metro area.

MRK Partners was founded by Sydne Garchik, who prior to founding MRK, was directly responsible for the acquisition and asset management of over 3,000 units. Mr. Garchik oversaw the acquisition, renovation and stabilization of over 2,000 affordable units throughout the country, approximately 900 of which were Section 8 properties.

Since its beginning, MRK has developed or acquired more than 2,300 affordable housing units in five states. They are involved in revitalizing California communities through their affordable housing development and property management activities, the partnerships they establish and the investments they make in California neighborhoods, and through the free social services and supportive programs they provide to meet the needs of their residents.

The Project:

The Monterey Pines Apartments is an acquisition/ rehabilitation of an existing affordable housing multifamily project. The project is a 324-unit multifamily residential rental facility, located at 680 South 37th Street, Richmond, CA. The project consists of 26 two-story buildings. Due to the age and condition of the project, it is in need of substantial rehabilitation. Amenities include a swimming pool, fitness center, clubhouse, laundry facility and gated access. This financing will preserve a much needed 323 units of affordable housing for the City of Richmond for another 55 years.

The City of Richmond:

The City of Richmond is a member of the CMFA and will hold a TEFRA hearing on September 13, 2016. Upon closing, the City is expected to receive approximately \$15,333 as part of the CMFA's sharing of Issuance Fees.

Proposed Construction Financing:

Sources of Funds:

Tax-Exempt Bond:	\$ 37,000,000
LIH Tax Credit Equity:	\$ 19,440,590
Deferred Developer Fee:	\$ 54,471
Total Sources:	\$ 56,495,061

Uses of Funds:

Land Acquisition:	\$ 3,750,000
Building Acquisition:	\$ 33,750,000
Rehabilitation:	\$ 9,720,000
Architectural & Engineering:	\$ 150,000
Legal & Professional:	\$ 200,000
Acquisition Costs:	\$ 10,000
Project Debt & Reserves:	\$ 942,781
Developer Fees*:	\$ 6,836,611
Bond Fees:	\$ 1,135,669
Total Uses:	\$ 56,495,061

Terms of Transaction:

Amount:	\$40,000,000
Maturity:	17 years
Collateral:	Deed of Trust on property
Bond Purchasers:	Private Placement
Estimated Closing:	October 2016

Public Benefit:

A total of 323 low-income households will be able to enjoy high quality, independent, affordable housing in the City of Richmond for another 55 years.

Percent of Restricted Rental Units in the Project: 100%
10% (32 Units) restricted to 40% or less of area median income households; and
25% (81 Units) restricted to 45% or less of area median income households; and
49% (158 Units) restricted to 50% or less of area median income households; and
16% (52 Units) restricted to 60% or less of area median income households.
Unit Mix: 1-, 2- & 3-bedroom units
Term of Restriction: 55 years

Finance Team:

Lender: TBD
Bond Counsel: Orrick, Herrington & Sutcliffe, LLP
Issuer Counsel: Jones Hall, APLC
Lender Counsel: TBD
Borrower Counsel: Downs Pham & Kuei LLP

Recommendation:

The Executive Director recommends that the CMFA Board of Directors approve an Initial Resolution of \$40,000,000 for Monterey Pines Apartments affordable multi-family housing facility located in the City of Richmond, Contra Costa County, California.

Note: This transaction is subject to review and final approval at the Final Resolution.

*Other Costs: These are costs that are categorized by CDLAC as “Other Costs” they may include the following; Accounting/Reimbursable, Appraisals, Audit Costs, Capital Needs Assessment, Contingency, Demolition & Environmental Remediation, Environmental Audit, Furnishings, Inspections, Insurance, Investor Due Diligence, Local Development Impact Fees, Marketing, Market Study, Operating Reserves, Permit Processing Fees, Prevailing Wage Monitoring, Relocation, Seismic, Syndication Consultants, TCAC App/Allocation/Monitoring Fees.



NAPA PARK HOMES APARTMENT SUMMARY AND RECOMMENDATIONS

Applicant: Napa Valley Community Housing

Action: Initial Resolution

Amount: \$45,000,000

Purpose: Finance Affordable Multi-Family Rental Housing Facility
Located in the City of Napa, Napa County, California

Activity: Affordable Housing

Meeting: August 16, 2016

Background:

Napa Valley Community Housing's ("NVCH") Mission statement is "we respond to the unique housing needs of low and moderate income residents in Napa County. Napa Valley Community Housing builds preserves and manages Napa County's affordable housing stock. They provide opportunities for residents to grow succeed and improve the quality of their lives as they participate in the community".

Napa Valley Community Housing came into being as the result of a merger between two local housing non-profits: Housing Association for Napa Development and Napa Valley Family Homes. In combination, these "parent" agencies bequeathed to NVCH over thirty years of experience and accomplishments in the field of low income housing.

Since 1990 NVCH has built, alone or in partnership with others, over 600 new apartments and rental homes and, in addition has supervised the rehabilitation of more than 200 additional units. The agency currently has over 100 rental units in the pre-development or construction stages. As the County's primary affordable housing manager, it manages 575 housing units. The agency's total real estate portfolio is valued at over 50 million dollars, invested in a total of 23 properties throughout the County.

This is the second transaction that the CMFA has participated with NVCH.

The Project:

The Napa Park Homes Apartments is an acquisition and rehabilitation of an existing 140-unit affordable multifamily rental housing facility located in the City of Napa, California. The project amenities include, a community room, management office, maintenance office, laundry room and tot lots. The project was last renovated in 1995 and is in need of updates. Renovations will be done to improve energy efficiency and to meet sustainability goals and improve building performance. Interior improvements to the unit's kitchens, bathrooms and flooring will also be addressed. The units are restricted to households earning between 30% and 60% and less of AMI. The financing of this project will result in the preservation of 133 affordable apartments for the next 55 years.

The City of Napa:

The City of Napa is a member of the CMFA and is scheduled to hold a TEFRA hearing on September 6, 2016. Upon closing, the City is expected to receive approximately \$16,000 as part of the CMFA's sharing of Issuance Fees.

Proposed Financing:

Sources of Funds:

Tax-Exempt Bond:	\$ 41,000,000
Seller Carryback:	\$ 18,893,543
GP Note:	\$ 1,786,000
Deferred Costs:	\$ 3,422,589
NOI During Construction:	\$ 174,000
Deferred Developer Fee:	\$ 5,946,900
Equity:	<u>\$ 2,260,000</u>
Total Sources:	\$ 73,483,132

Uses of Funds:

Land Acquisition:	\$ 2,520,000
Building Acquisition:	\$ 41,921,495
Rehabilitation:	\$ 11,466,726
Construction Contingency:	\$ 1,753,233
New Machinery & Equipment:	\$ 75,000
Architectural & Engineering:	\$ 302,000
Legal, Professional:	\$ 170,000
Relocation:	\$ 1,786,952
Title/ Escrow/ Insurance/ Studies:	\$ 921,000
Construction Interest Reserve:	\$ 1,671,776
Developer Fee:	\$ 8,726,900
Reserves:	\$ 1,390,000
Cost of Issuance:	<u>\$ 778,050</u>
Total Uses:	\$ 73,483,132

Terms of Transaction:

Amount:	\$45,000,000
Maturity:	30 years
Collateral:	Deed of Trust on property
Bond Purchasers:	Private Placement
Estimated Closing:	November 2016

Public Benefit:

A total of 133 households will continue to be able to enjoy high quality, independent, affordable housing in the City of Napa. Services at the project include home visits, coordinating events, support groups, educational programs and training sessions. The construction of this project will continue to provide affordable living in the City of Napa for another 55 years.

Percent of Restricted Rental Units in the Project: 95%

- 11% (14 Units) restricted to 30% or less of area median income households; and
- 11% (14 Units) restricted to 40% or less of area median income households; and
- 30% (40 Units) restricted to 50% or less of area median income households; and
- 48% (65 Units) restricted to 60% or less of area median income households

Unit Mix: 1-, 2- and 3-bedroom units

Term of Restriction: 55 years

Finance Team:

Lender:	TBD
Bond Counsel:	Jones Hall, APLC
Issuer Counsel:	Jones Hall, APLC
Lender Counsel:	TBD
Borrower Counsel:	Gubb & Barshay LLP
Financial Advisor:	California Housing Partnership Corporation

Recommendation:

The Executive Director recommends that the CMFA Board of Directors approve an Initial Resolution of \$45,000,000 for the Napa Park Homes Apartments affordable housing project located in the City of Napa, Napa County, California.

Note: This transaction is subject to review and final approval at the Final Resolution.

*Other Costs: These are costs that are categorized by CDLAC as "Other Costs" they may include the following; Accounting/Reimbursable, Appraisals, Audit Costs, Capital Needs Assessment, Contingency, Demolition & Environmental Remediation, Environmental Audit, Furnishings, Inspections, Insurance, Investor Due Diligence, Local Development Impact Fees, Marketing, Market Study, Operating Reserves, Permit Processing Fees, Prevailing Wage Monitoring, Relocation, Seismic, Syndication Consultants, TCAC App/Allocation/Monitoring Fees.