

**THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**  
**May 23, 2007**  
**Executive Summary**  
**REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A**  
**QUALIFIED RESIDENTIAL RENTAL PROJECT**

*Prepared by Walter Akiyama.*

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**Applicant:** Housing Authority of the County of Sacramento

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**Allocation Amount Requested:** Tax-exempt \$7,619,000

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**Project Name:** Ardenaire Apartments  
**Project Address:** 1964 Ethan Way  
**Project City, County, Zip Code:** Sacramento, Sacramento, 95825

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**Project Sponsor Information:**  
**Name:** Mercy Housing California XXXV, L.P.  
(South of Market; Mercy Housing West; and  
Rural California Housing Corp.)  
**Principals:** Dick Banks, Lillian Murphy, Jane Graf,  
Valerie Agostino, Kathleen Morris, Dorothy Smith  
and William Powers

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**Project Financing Information:**  
**Bond Counsel:** Jones Hall, A Professional Law Corporation  
**Underwriter:** Not applicable  
**Credit Enhancement Provider:** Not applicable  
**Private Placement Purchaser:** Wells Fargo Bank  
**TEFRA Hearing:** February 27, 2007

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**Description of Proposed Project:**  
**State Ceiling Pool:** General  
**Total Number of Units:** 52, plus 1 manager unit  
**Type:** Acquisition and Rehabilitation  
**Type of Units:** Family/Special Needs

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**Description of Public Benefits:**  
**Percent of Restricted Rental Units in the Project: 100%**  
37% (19 units) restricted to 50% or less of area median income households; and  
63% (33 units) restricted to 60% or less of area median income households.  
**Unit Mix:** 1 and 2 bedrooms

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**Term of Restrictions:** 55 years

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**Estimated Total Development Cost:** \$12,800,928  
**Estimated Hard Costs per Unit:** \$ 81,617 (\$4,244,079/52units)  
**Estimated per Unit Cost:** \$ 246,172 (\$12,800,928/52 units)  
**Allocation per Unit:** \$ 146,519 (\$7,619,000/52 units)  
**Allocation per Restricted Rental Unit:** \$ 146,519 (\$7,619,000/52restricted units)

<b>Sources of Funds:</b>	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 7,619,000	\$ 0
Developer Equity	\$ 394,207	\$ 394,207
Deferred Developer Fee	\$ 175,000	\$ 175,000
LIH Tax Credit Equity	\$ 50,000	\$ 4,239,662
Direct & Indirect Public Funds	\$ 3,110,000	\$ 7,952,000
Income from Operations	\$ 40,059	\$ 40,059
Construction Deferred until Permanent	<u>\$ 1,412,662</u>	<u>\$ 0</u>
Total Sources	\$12,800,928	\$12,800,928

<b>Uses of Funds:</b>	
Acquisition Cost	\$ 3,500,000
On-Site & Off-Site Costs	\$ 131,775
Hard Construction Costs	\$ 4,112,304
Architect & Engineering Fees	\$ 214,000
Contractor Overhead & Profit	\$ 412,874
Developer Fee	\$ 1,281,108
Relocation	\$ 294,000
Cost of Issuance	\$ 221,333
Capitalized Interest	\$ 784,813
Other Soft Costs	<u>\$ 1,848,721</u>
Total Uses	\$12,800,928

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**Legal Questionnaire:**

The Staff has reviewed the Applicant's responses to the questions contained in the Legal Status portion of the application. Legal issues disclosed by the Project Sponsor were vetted and were not determined to be grounds to deny the application. No information was disclosed to question the financial viability or legal integrity of the Applicant.

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**Total Points:** 80.7 out of 128  
 [See Attachment A]

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**Recommendation:**

Staff recommends that the Committee approve \$7,619,000 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
Federally Assisted At-Risk Project or HOPE VI Project	20	20	0
Exceeding Minimum Income Restrictions: Non-Mixed Income Project Mixed Income Project	35	15	35
Gross Rents	5	5	5
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Federally Assisted At-Risk Project or HOPE VI Project]	[10]	[10]	5.2
Large Family Units	5	5	0
Leveraging	10	10	10
Community Revitalization Area	15	15	0
Site Amenities	10	10	7.5
Service Amenities	10	10	10
Sustainable Building Methods	8	8	8
New Construction	10	10	0
Negative Points	NA	NA	0
<b>Total Points</b>	<b>128</b>	<b>108</b>	<b>80.7</b>

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.