

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
December 16, 2009
Staff Report
**REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT**

Prepared by: Sarah Lester

Applicant: ABAG Finance Authority for Nonprofit Corporations

Allocation Amount Requested:

Tax-exempt: \$5,000,000

The amount of allocation requested is supplemental to the \$50,000,000 of allocation the Project received on July 16, 2009.

Project Information:

Name: Potrero Launch Apartments (fka 2238 Third Street Apts.)
Project Address: 2235 Third Street
Project City, County, Zip Code: San Francisco, San Francisco, 94107

Project Sponsor Information:

Name: Martin McNerney Properties, LLC (Martin McNerney
Development, Inc. dba Martin Building Company)
Principals: Patrick McNerney

Project Financing Information:

Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Underwriter: Merchant Capital, L.L.C.
Credit Enhancement Provider: CBRE HMF, Inc. / HUD FHA / GNMA
Private Placement Purchaser: Not Applicable
TEFRA Hearing Date: June 9, 2009

Description of Proposed Project:

State Ceiling Pool: Mixed Income
Total Number of Units: 178, plus 1 manager unit
Type: New Construction
Type of Units: Family

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 21%
21% (37 units) restricted to 50% or less of area median income households.

Unit Mix: 1, 2 & 3 bedrooms

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$ 65,111,738	
Estimated Hard Costs per Unit:	\$ 239,799	(\$42,684,298 /178 units)
Estimated per Unit Cost:	\$ 365,796	(\$65,111,738 /178 units)
Allocation per Unit:	\$ 308,989	(\$55,000,000 /178 units)
Allocation per Restricted Rental Unit:	\$ 1,486,486	(\$55,000,000 /37 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 55,000,000	\$ 55,000,000
Taxable Bond Proceeds	\$ 0	\$ 0
Deferred Developer Fee	\$ 0	\$ 0
LIH Tax Credit Equity	\$ 0	\$ 0
Direct & Indirect Public Funds	\$ 10,111,738	\$ 10,111,738
Other	\$ 0	\$ 0
Total Sources	\$ 65,111,738	\$ 65,111,738

Uses of Funds:	
Land Purchase	\$ 4,825,000
On & Off Site Costs	\$ 3,251,269
Hard Construction Costs	\$ 39,433,029
Architect & Engineering Fees	\$ 5,688,890
Contractor Overhead & Profit	\$ 1,129,661
Developer Fee	\$ 1,500,000
Cost of Issuance	\$ 2,339,888
Capitalized Interest	\$ 3,000,000
Other Soft Costs	\$ 3,944,001
Total Uses	\$ 65,111,738

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.

Recommendation:

Staff recommends that the Committee approve \$5,000,000 in tax exempt bond allocation on a carryforward basis.