

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

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**Applicant:** ABAG Finance Authority for Nonprofit Corporations

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**Allocation Amount Requested:**

**Tax-exempt:** \$3,000,000

The amount of allocation requested is supplemental to the \$30,000,000 of allocation the Project received on September 23, 2009.

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**Project Information:**

**Name:** Arc Light Co. Apartments  
**Project Address:** 178 Townsend Street  
**Project City, County, Zip Code:** San Francisco, San Francisco, 94107

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**Project Sponsor Information:**

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

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**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:** May 13, 2009

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**Description of Proposed Project:**

**State Ceiling Pool:** Mixed Income  
**Total Number of Units:** 84, plus 1 manager unit  
**Type:** New Construction  
**Type of Units:** Family

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**Description of Public Benefits:**

**Percent of Restricted Rental Units in the Project:** 21%  
21% (18 units) restricted to 50% or less of area median income households.

**Unit Mix:** Studio, 1 & 2 bedrooms

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**Term of Restrictions:**

**Income and Rent Restrictions:** 55 years

**Details of Project Financing:**

<b>Estimated Total Development Cost:</b>	\$ 37,063,585	
<b>Estimated Hard Costs per Unit:</b>	\$ 232,314	(\$19,514,349 /84 units)
<b>Estimated per Unit Cost:</b>	\$ 441,233	(\$37,063,585 /84 units)
<b>Allocation per Unit:</b>	\$ 392,857	(\$33,000,000 /84 units)
<b>Allocation per Restricted Rental Unit:</b>	\$ 1,833,333	(\$33,000,000 /18 restricted units)

<b>Sources of Funds:</b>	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 33,000,000	\$ 33,000,000
Taxable Bond Proceeds	\$ 0	\$ 0
Deferred Developer Fee	\$ 0	\$ 0
LIH Tax Credit Equity	\$ 0	\$ 0
Direct & Indirect Public Funds	\$ 4,063,585	\$ 4,063,585
Other	\$ 0	\$ 0
<b>Total Sources</b>	<b>\$ 37,063,585</b>	<b>\$ 37,063,585</b>

<b>Uses of Funds:</b>	
Land Purchase	\$ 5,900,000
On & Off Site Costs	\$ 617,278
Hard Construction Costs	\$ 18,897,071
Architect & Engineering Fees	\$ 4,488,085
Contractor Overhead & Profit	\$ 894,308
Developer Fee	\$ 1,000,000
Cost of Issuance	\$ 1,490,599
Capitalized Interest	\$ 1,700,000
Other Soft Costs	\$ 2,076,244
<b>Total Uses</b>	<b>\$ 37,063,585</b>

**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 \$3,000,000 in tax exempt bond allocation on a carryforward basis.