

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
July 20, 2011
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Richard Fischer

Applicant: California Municipal Finance Authority

Allocation Amount Requested:
Tax-exempt: \$5,500,000

Project Information:
Name: Temple Art Lofts Apartments
Project Address: 707-715 Main Street
Project City, County, Zip Code: Vallejo, Solano, 94590

Project Sponsor Information:
Name: Temple Art Loft Associates, L.P. (Domus GP LLC and Synergy Community Development Corporation)
Principals: Meea Kang, Jong Limb and Monique Hastings for Domus GP LLC and Jason A. Hobson, Juliet Cavan White, Douglas S. Carlson, Sally Herpolsheimer and Lee Mahannah for Synergy Community Development Corporation)
Property Management Company: Domus Management Company

Project Financing Information:
Bond Counsel: Jones Hall, A Professional Law Corporation
Private Placement Purchaser: US Bank, N.A.
TEFRA Hearing Date: May 10, 2011

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 28, plus 1 manager unit
Type: New Construction (Adaptive Reuse)
Type of Units: Family

The proposed project details include the retrofitting and rehabilitation of the Masonic Lodge and Old City Hall into 28 residential apartments. The apartment types are 9 studios, 11 one-bedroom, 8 two-bedroom and 1 two-bedroom manager unit.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
100% (28 units) restricted to 50% or less of area median income households.
Unit Mix: Studio, 1 & 2 bedrooms

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$	9,907,144	
Estimated Hard Costs per Unit:	\$	173,836	(\$4,867,411 /28 units)
Estimated per Unit Cost:	\$	353,827	(\$9,907,144 /28 units)
Allocation per Unit:	\$	196,429	(\$5,500,000 /28 units)
Allocation per Restricted Rental Unit:	\$	196,429	(\$5,500,000 /28 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 5,500,000	\$ 880,000
Deferred Developer Fee	\$ 804,763	\$ 382,392
LIH Tax Credit Equity	\$ 441,384	\$ 2,206,918
Direct & Indirect Public Funds	\$ 3,160,998	\$ 6,437,834
Total Sources	\$ 9,907,145	\$ 9,907,144

Uses of Funds:	
Acquisition	\$ 475,000
On & Off Site Costs	\$ 5,999,600
Architectural	\$ 275,000
Survey & Engineering	\$ 89,600
Contingency Costs	\$ 992,875
Construction Period Expenses	\$ 345,933
Permanent Financing Expenses	\$ 14,700
Legal Fees	\$ 145,000
Capitalized Reserves	\$ 107,652
Reports & Studies	\$ 35,500
Other (Marketing, etc)	\$ 429,267
Developer Costs	\$ 997,017
Total Uses	\$ 9,907,144

Description of Financial Structure and Bond Issuance:

The Bonds will be privately placed by US Bank. Final commitment amount and allocation between Convertible and Construction Loans is based on net operating income, providing for a 1:20 :1 debt service coverage ratio at the note rate determined three days prior to closing. Underwriting assumed a 5.7% rate of interest for the permananet loan, although this rate is subject to change and will lock shortly prior to loan closing. 17 year term loan with 30 year amortization plus a cost adjustment for the 17 month forward commitment on the loan.

Analyst Comments:

Historical Tax Credits being utilized.

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: 80 out of 118

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$5,500,000 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:	35	15	35
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Federally Assisted At-Risk Project or HOPE VI Project]	[10]	[10]	10
Gross Rents	5	5	5
Large Family Units	5	5	0
Leveraging	10	10	10
Community Revitalization Area	15	15	0
Site Amenities	10	10	10
Service Amenities	10	10	0
New Construction	10	10	10
Sustainable Building Methods	8	8	0
Negative Points	-10	-10	0
Total Points	118	98	80

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.