

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
July 25, 2007
Executive Summary
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by Richard Fischer.

Applicant: California Housing Finance Agency

Allocation Amount Requested: Tax-exempt \$3,705,000

The amount of allocation requested is supplemental to the \$2,350,000 of allocation the Project received in January 28, 1998. According to the Project Sponsor, additional allocation is needed to address serious physical deficiencies experienced the past two rainy seasons.

Project Name: Mercy Village Folsom
Project Address: 1100-1190 Duchow Way
Project City, County, Zip Code: Folsom, Sacramento, 95630

Project Sponsor Information:

Name: Mercy Housing California V, a California Limited Partnership (Mercy Properties, Inc. and National Equity Fund)

Principals: Dick Banks, Lillian Murphy, Jan Graf, Valerie Agostino, Kathleen Morris, Lisa Celandia for Mercy Properties, Inc. and Joe Hagan, Karen Przepyszny, Rick Gentry, Judy Schneider, Peter Harrison, Darrell Hubbard, Kevin Boes, Mark Siranovic, Ed Lam, Tom Flanagan, Colleen Mulcahy, Sue Ann Reed for National Equity Fund.

Project Financing Information:

Bond Counsel: Orrick, Herrington & Sutcliffe, LLP
Underwriter: Not applicable
Credit Enhancement Provider: California Housing Finance Agency
Private Placement Purchaser: Not applicable
TEFRA Hearing: August 18, 2006

Description of Proposed Project:

State Ceiling Pool: General
Total Number of Units: 80, plus 1 manager unit
Type: Acquisition and Rehabilitation
Type of Units: Family, Special Needs

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
100% (80 units) restricted to 50% or less of area median income households.
Unit Mix: Studio, 1-, and 2-bedrooms

Term of Restrictions: 55 years

Estimated Total Development Cost:	\$5,850,537
Estimated Hard Costs per Unit:	\$ 51,872 (\$4,149,740/80 units)
Estimated per Unit Cost:	\$ 73,131 (\$5,850,537/80 units)
Allocation per Unit:	\$ 46,312 (\$3,705,000/80 units)
Allocation per Restricted Rental Unit:	\$ 46,312 (\$3,705,000/80 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$3,705,000	\$2,365,000
Developer Equity	\$ 0	\$ 214,831
Deferred Developer Fee	\$ 176,494	\$ 740,000
LIH Tax Credit Equity	\$ 100,000	\$2,530,706
NEF	\$ 150,000	\$ 0
Direct & Indirect Public Funds	<u>\$1,000,000</u>	<u>\$ 0</u>
Total Sources	\$5,131,494	\$5,850,537

Uses of Funds:	
Acquisition Cost	\$ 0
On-Site & Off-Site Costs	\$ 125,235
Hard Construction Costs	\$4,024,505
Architect & Engineering Fees	\$ 251,414
Contractor Overhead & Profit	\$ 0
Developer Fee	\$ 740,043
Relocation	\$ 50,000
Cost of Issuance	\$ 0
Capitalized Interest	\$ 228,510
Other Soft Costs (Marketing, etc.)	<u>\$ 430,830</u>
Total Uses	\$5,850,537

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: 75 out of 128

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$3,705,000 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	NA
Exceeding Minimum Income Restrictions: Non-Mixed Income Project Mixed Income Project	35	15	35
Gross Rents	5	5	0
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Federally Assisted At-Risk Project or HOPE VI Project]	[10]	[10]	10
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	10
Sustainable Building Methods	8	8	0
New Construction	10	10	0
Negative Points	NA	NA	NA
Total Points	128	108	75

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.