

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
September 24, 2008
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: John Weir

Applicant: California Municipal Finance Authority

Allocation Amount Requested: **Tax-exempt:** \$18,000,000

Project Information:

Name: Gleason Park Apartments
Project Address: 411 South Stanislaus
Project City, County, Zip Code: Stockton, San Joaquin, 95202

The proposed Project is located in a Community Revitalization area, more specifically in the West End and South Stockton Redevelopment Project Areas.

Project Sponsor Information:

Name: Mercy Housing California
Principals: Val Agostino, Vice President of CA Operations

Project Financing Information:

Bond Counsel: Quint & Thimmig LLP
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Private Placement Purchaser: Wells Fargo Bank, NA
TEFRA Hearing: August 5, 2008

Description of Proposed Project:

State Ceiling Pool: General
Total Number of Units: 92, plus 2 manager's units
Type: New Construction
Type of Units: Family

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
30% (28 units) restricted to 50% or less of area median income households.
70% (64 units) restricted to 60% or less of area median income households.
Unit Mix: 1, 2, 3, & 4 bedrooms

Term of Restrictions: 55 years

Estimated Total Development Cost:	\$30,688,880	
Estimated Hard Costs per Unit:	\$182,755	(\$16,813,473 / 92 units)
Estimated per Unit Cost:	\$333,575	(\$30,688,880 / 92 units)
Allocation per Unit:	\$195,652	(\$18,000,000 / 92 units)
Allocation per Restricted Rental Unit:	\$195,652	(\$18,000,000 / 92 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 18,000,000	\$ 0
Deferred Developer Fee	\$ 0	\$ 1,319,415
LIH Tax Credit Equity	\$ 400,000	\$ 12,006,224
Direct & Indirect Public Funds	\$ 9,691,285	\$ 17,363,240
Total Sources	\$ 28,091,285	\$ 30,688,879

Uses of Funds:	
Acquisition Costs	\$ 1,512,500
New Construction Costs	\$ 18,870,855
Architectural	\$ 986,583
Survey & Engineering	\$ 199,500
Contingency Costs	\$ 1,103,543
Construction Period Expenses	\$ 1,415,000
Permanent Financing Expenses	\$ 10,000
Legal Fees	\$ 66,190
Capitalized Reserves	\$ 400,000
Reports & Studies	\$ 27,000
Other	\$ 3,597,709
Developer Costs	\$ 2,500,000
Total Uses	\$ 30,688,880

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: 110 out of 128

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$18,000,000 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
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	5
Leveraging	10	10	10
Exceeding Minimum Term of Restrictions	10	10	10
Community Revitalization Area	15	15	10
Site Amenities	10	10	5
Service Amenities	10	10	10
New Construction	10	10	10
Sustainable Building Methods	8	8	0
Negative Points	-10	-10	0
Total Points	128	108	110

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.