

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
December 3, 2008
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: John Weir

Applicant: California Housing Finance Agency
PROJECT ORIGINALLY RECEIVED ALLOCATION ON September 24, 2008. APPLICANT REQUESTED AWARD BE DEFERRED TO DECEMBER 3 ALLOCATION MEETING.

Allocation Amount Requested: Tax-exempt: \$8,300,000

Project Information:

Name: Santa Clara Terrace Apartments
Project Address: 27707 Hideaway Avenue
Project City, County, Zip Code: Santa Clarita, Los Angeles, 91351

Project Sponsor Information:

Name: Mercy Housing California XLIII, A California LP (Mercy Housing California)
Principals: Val Agostino, VP of California Operations and Ben Phillips, Director of Southern California .

Project Financing Information:

Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Underwriter: Merrill Lynch & Co., Inc.
Credit Enhancement Provider: California Housing Finance Agency
Private Placement Purchaser: Not Applicable
TEFRA Hearing: June 6th, 2008

Description of Proposed Project:

State Ceiling Pool: General
Total Number of Units: 66, plus 1 manager's unit
Type: Acquisition and Rehabilitation
Type of Units: Family

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
45% (30 units) restricted to 50% or less of area median income households.
55% (36 units) restricted to 60% or less of area median income households.
Unit Mix: 2 and 3 bedrooms

Term of Restrictions: 55 years

Estimated Total Development Cost:	\$13,278,678	
Estimated Hard Costs per Unit:	\$28,306	(\$1,868,206 / 66 units)
Estimated per Unit Cost:	\$201,192	(\$13,278,678 / 66 units)
Allocation per Unit:	\$125,758	(\$8,300,000 / 66 units)
Allocation per Restricted Rental Unit:	\$125,758	(\$8,300,000 / 66 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 8,300,000	\$ 5,070,000
Seller Credit	\$ 100,000	\$ 100,000
Deferred Developer Fee	\$ 642,043	\$ 642,043
LIH Tax Credit Equity	\$ 69,253	\$ 3,366,635
Direct & Indirect Public Funds	\$ 2,559,000	\$ 3,100,000
Cal HFA HAT	\$ 700,000	\$ 700,000
Other (NOI)	\$ 300,000	\$ 300,000
Total Sources	\$ 12,670,296	\$ 13,278,678

Uses of Funds:	
Acquisition Costs	\$ 7,846,250
Hard Construction Costs	\$ 1,868,206
Architect & Engineering Fees	\$ 40,000
Contractor Overhead & Profit	\$ 213,481
Developer Fee	\$ 1,298,700
Relocation	\$ 684,000
Capitalized Interest	\$ 251,100
Other Soft Costs	\$ 1,076,941
Total Uses	\$ 13,278,678

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: 80.5 out of 128

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$8,300,000 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	0
Large Family Units	5	5	5
Leveraging	10	10	0
Exceeding Minimum Term of Restrictions	10	10	10
Community Revitalization Area	15	15	0
Site Amenities	10	10	7.5
Service Amenities	10	10	10
New Construction	10	10	0
Sustainable Building Methods	8	8	3
Negative Points	-10	-10	0
Total Points	128	108	80.5

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.