

**THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**  
**May 18, 2011**  
**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:** California Statewide Communities Development Authority

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**Allocation Amount Requested:**  
**Tax-exempt:** \$8,200,000

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**Project Information:**  
**Name:** Woodbridge Place Apartments  
**Project Address:** 2800 N. Hwy. 59  
**Project City, County, Zip Code:** Merced, Merced, 95348

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**Project Sponsor Information:**  
**Name:** Merced Pacific Associates, LP (The Cirrus Company, LLC; and Roope, LLC)  
**Principals:** Todd Bender for The Cirrus Company, LLC and Caleb Roope for Roope, LLC

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**Project Financing Information:**  
**Bond Counsel:** Orrick, Herrington & Sutcliffe LLP  
**Underwriter:** Citibank, N.A.  
**Credit Enhancement Provider:** Citibank, N.A. / Freddie Mac  
**TEFRA Hearing Date:** April 18, 2011

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**Description of Proposed Project:**  
**State Ceiling Pool:** General  
**Total Number of Units:** 74, plus 1 manager unit  
**Type:** New Construction  
**Type of Units:** Family

The proposed project is an infill project. It is a 75-unit multi-family new construction project that will consist of 10 two-story garden style apartment buildings. The unit mix will consist of 1-, 2- and 3-bedroom unit types all restricted to households with incomes at or below 60% of the area median income. The project will incorporate various green and sustainable features and according to the applicant, will be a pilot project for the City of Merced's draft "Green Home" multifamily standards, providing energy and water efficient units with healthy indoor air quality. Construction is slated to begin in October 2011 and will be completed by October 2012.

**Description of Public Benefits:**

**Percent of Restricted Rental Units in the Project:** 100%  
18% (13 units) restricted to 50% or less of area median income households.  
82% (61 units) restricted to 60% or less of area median income households.  
**Unit Mix:** 1, 2 & 3 bedrooms

The project will add 74 new affordable family housing units to the county of Merced that will be restricted to households with incomes no greater than 60% of the area median income.

**Term of Restrictions:**

**Income and Rent Restrictions:** 55 years

**Details of Project Financing:**

<b>Estimated Total Development Cost:</b>	\$ 15,274,531	
<b>Estimated Hard Costs per Unit:</b>	\$ 98,093	(\$7,258,846 /74 units)
<b>Estimated per Unit Cost:</b>	\$ 206,413	(\$15,274,531 /74 units)
<b>Allocation per Unit:</b>	\$ 110,811	(\$8,200,000 /74 units)
<b>Allocation per Restricted Rental Unit:</b>	\$ 110,811	(\$8,200,000 /74 restricted units)

<b>Sources of Funds:</b>	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 8,200,000	\$ 2,800,000
Deferred Developer Fee	\$ 1,860,493	\$ 180,000
LIH Tax Credit Equity	\$ 456,538	\$ 4,848,531
Direct & Indirect Public Funds	\$ 4,757,500	\$ 7,446,000
Total Sources	\$ 15,274,531	\$ 15,274,531

<b>Uses of Funds:</b>	
Land Purchase	\$ 855,000
On & Off Site Costs	\$ 1,350,000
Hard Construction Costs	\$ 5,908,846
Contractor Overhead & Profit	\$ 513,875
Developer Fee	\$ 1,607,704
Cost of Issuance	\$ 723,929
Capitalized Interest	\$ 500,000
Other Soft Costs	\$ 3,815,177
Total Uses	\$ 15,274,531

**Description of Financial Structure and Bond Issuance:**

The project will be financed using a private placement structure with Citibank as a Freddie Mac delegated lender providing the credit enhancement attached to the tax-exempt bonds. The \$8,200,000 bond issuance through California Statewide Communities Development Authority and the New Issue Bond Program (Interest Rate 2.50%, Term 24 months) will only consist of tax-exempt debt with 100% of the proceeds immediately escrowed with a bond trustee to be drawn down on a monthly basis to build the proposed development. Other sources of funding include an RDA loan from the City of Merced Redevelopment Agency in the amount of \$3,000,000, Neighborhood Stabilization Program Funds through the City of Merced in the amount of \$1,300,000, an Energy Efficiency Loan through the City of Merced in the amount of \$157,500 and low-income housing tax credit equity in the amount of \$456,538. Additionally, the developers will be deferring \$1,607,704 of the developer fee and the owners will defer \$252,789 during construction. Upon lease-up of the entire project, the remainder of the low-income housing tax credit equity in the amount of \$4,391,993 will be available to pay the tax-exempt bond debt down to the \$2,800,000 (Interest Rate 4.93%, Term 35 years, Amortization 30 years) level that can be supported by the project operations, as well as pay down the deferred developer fee of \$180,000 and pay down the owner's deferral to \$0. The bonds will be issued by July 21, 2011 pending satisfaction of the closing conditions identified in the commitment letter from Citibank. All of the City of Merced's loans will close with the construction loan closing.

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**Analyst Comments:**

N/A

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**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.

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**Total Points:**

67 out of 118

[See Attachment A]

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**Recommendation:**

Staff recommends that the Committee approve \$8,200,000 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	29
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Federally Assisted At-Risk Project or HOPE VI Project]	[10]	[10]	0
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	5
Service Amenities	10	10	0
New Construction	10	10	10
Sustainable Building Methods	8	8	8
Negative Points	-10	-10	0
<b>Total Points</b>	<b>118</b>	<b>98</b>	<b>67</b>

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.