

**THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**  
**September 28, 2011**  
**Staff Report**  
**REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A**  
**QUALIFIED RESIDENTIAL RENTAL PROJECT**

*Prepared by: Richard Fischer*

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**Applicant:** California Municipal Finance Authority

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**Allocation Amount Requested:**  
**Tax-exempt:** \$6,250,000

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

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**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

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

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**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

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**Details of Project Financing:**

<b>Estimated Total Development Cost:</b>	\$	10,997,040	
<b>Estimated Hard Costs per Unit:</b>	\$	182,656	(\$5,114,361 /28 units)
<b>Estimated per Unit Cost:</b>	\$	392,751	(\$10,997,040 /28 units)
<b>Allocation per Unit:</b>	\$	223,214	(\$6,250,000 /28 units)
<b>Allocation per Restricted Rental Unit:</b>	\$	223,214	(\$6,250,000 /28 restricted units)

<b>Sources of Funds:</b>	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 6,250,000	\$ 880,000
Deferred Developer Fee	\$ 953,793	\$ 517,963
LIH Tax Credit Equity	\$ 635,731	\$ 3,178,653
Direct & Indirect Public Funds	\$ 3,157,516	\$ 6,420,424
<b>Total Sources</b>	<b>\$ 10,997,040</b>	<b>\$ 10,997,040</b>

<b>Uses of Funds:</b>	
Acquisition	\$ 475,000
On & Off Site Costs	\$ 5,999,600
Architectural	\$ 275,000
Survey & Engineering	\$ 89,600
Contingency Costs	\$ 1,056,040
Construction Period Expenses	\$ 414,375
Permanent Financing Expenses	\$ 14,700
Legal Fees	\$ 137,500
Capitalized Reserves	\$ 112,589
Reports & Studies	\$ 35,500
Other (Marketing, etc)	\$ 1,071,978
Developer Costs	\$ 1,315,158
<b>Total Uses</b>	<b>\$ 10,997,040</b>

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**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 5.75% rate of interest for the permanant 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.

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**Analyst Comments:**

Historical Tax Credits being utilized.

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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:** 78.1 out of 118

[See Attachment A]

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**Recommendation:**

Staff recommends that the Committee approve \$6,250,000 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]	8.1
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
<b>Total Points</b>	<b>118</b>	<b>98</b>	<b>78.1</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.