

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
December 14, 2011
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Richard Fischer

Applicant: California Municipal Finance Authority

Allocation Amount Requested:
Tax-exempt: \$11,000,000

Project Information:
Name: School House Station & Vista Grande Apartments
Project Address: 99 School Street & 673 Mission Street
Project City, County, Zip Code: Daly City, San Mateo, 94014

Project Sponsor Information:
Name: TBD L.P. (Mercy Housing California)
Principals: Jane Graf, Richard Sprague, Ed Holder, Jane Falk and Valerie Agostino for Mercy Housing California

Project Financing Information:
Bond Counsel: Jones Hall, A Professional Law Corporation
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Private Placement Purchaser: Union Bank N.A.
TEFRA Hearing Date: April 11, 2011

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 69, plus 2 manager units
Type: Acquisition and Rehabilitation
Type of Units: Family

This is a scattered site project. School House Station has 46 units in five 3 story buildings. Some units on the third floor have a balcony and other first floor units have a patio or balcony. This site offers a community room/clubhouse, and interior courtyard tot lot/ playground area, laundry facilities, an on-site manager's office and 72 below-grade parking spaces. Vista Grande has 23 units in four 3 story buildings. This site offers a community room/clubhouse, and interior courtyard tot lot/ playground area, laundry facilities, an on-site manager's office and 31 underground parking spaces. Both sites feature storage closets, patios, oven/ranges, refrigerators, dish washers and garbage disposals.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
30% (21 units) restricted to 50% or less of area median income households.
70% (48 units) restricted to 60% or less of area median income households.
Unit Mix: 1, 2, 3 & 4 bedrooms

The Project will be providing; after school programs and a contract with a bonafide service coordinator/social worker.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost: \$ 17,263,728
Estimated Hard Costs per Unit: \$ 62,095 (\$4,284,544 /69 units)
Estimated per Unit Cost: \$ 250,199 (\$17,263,728 /69 units)
Allocation per Unit: \$ 159,420 (\$11,000,000 /69 units)
Allocation per Restricted Rental Unit: \$ 159,420 (\$11,000,000 /69 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 11,000,000	\$ 6,077,103
Land take back	\$ 3,563,740	\$ 3,563,740
GP contribution	\$ 0	\$ 260,819
LIH Tax Credit Equity	\$ 240,985	\$ 5,176,772
Accrued/Deferred Interest	\$ 2,185,294	\$ 2,185,294
Total Sources	\$ 16,990,019	\$ 17,263,728
Uses of Funds:		
Acquisition Cost	\$ 8,900,000	
Hard Construction Costs	\$ 4,284,544	
Architect & Engineering Fees	\$ 289,000	
Contractor Overhead & Profit	\$ 603,456	
Developer Fee	\$ 1,010,587	
Cost of Issuance	\$ 343,800	
Capitalized Interest	\$ 395,702	
Other Soft Costs (Marketing, etc.)	\$ 1,436,639	
Total Uses	\$ 17,263,728	

Description of Financial Structure and Bond

Upon issuance, Union Bank, N.A. will purchase the bonds. The bond proceeds will be loaned to Mercy Housing California for this Project and to fund the rehabilitation of the Project. The proceeds will be administered by Union Bank, N.A. and is anticipated to be \$11,000,000 secured by a Multifamily Deed of Trust in the first position . The permanent loan anticipated all-in indicative rate of 6.00%.

Analyst Comments:

N.A.

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: 84.8 out of 118

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$11,000,000 in tax exempt bond allocation on a carryforward basis.

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]	6.8
Gross Rents	5	5	5
Large Family Units	5	5	5
Leveraging	10	10	10
Community Revitalization Area	15	15	0
Site Amenities	10	10	10
Service Amenities	10	10	10
New Construction	10	10	0
Sustainable Building Methods	8	8	3
Negative Points	-10	-10	0
Total Points	118	98	84.8

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.