

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
September 20, 2017
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: \$35,753,972

Project Information:
Name: Colma Veterans Village Apartments
Project Address: 1670-1692 Mission Road
Project City, County, Zip Code: Colma, San Mateo, 94014

Project Sponsor Information:
Name: Mercy Housing California 66, LP (Mercy Housing Calwest)
Principals: Doug Shoemaker, Valerie Agostino, Melissa Clayton, Stephan Daves, Ed Holder, Jane Graf, Barbara Gualco, Sheela Jivan, Benjamin Phillips, Bruce Saab, Steve Spears, Jennifer Dolin and Vince Dodds for Mercy Housing Calwest
Property Management Company: Mercy Housing Management Group

Project Financing Information:
Bond Counsel: Jones Hall, A Professional Law Corporation
Private Placement Purchaser: Silicon Valley Bank (construction)/California Community Reinvestment Corporation (permanent)
Cash Flow Permanent Bond: Not Applicable
Public Sale: Not Applicable
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Rating: Not Applicable
TEFRA Noticing Date: June 26, 2017
TEFRA Adoption Date: July 25, 2017

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 66
Manager's Units: 1 Unrestricted
Type: New Construction
Population Served: Family

Colma Veterans Village Apartments is a new construction project located in Colma on a 2.5 -acre site. The project consists of 65 restricted rental units and 1 unrestricted manager unit. The project will have 66 one-bedroom units. The building will be 3 stories with elevators. Common amenities include a community room, laundry facilities and management offices. Each unit will have a refrigerator, range/oven and a full bathroom. The construction is expected to begin January 2018 and completed in June 2019.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
100% (65 units) restricted to 50% or less of area median income households.
Unit Mix: 1 bedroom

The proposed project will not be providing service amenities.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$ 43,944,819	
Estimated Hard Costs per Unit:	\$ 397,270	(\$26,219,815 /66 units including mgr. units)
Estimated per Unit Cost:	\$ 665,831	(\$43,944,819 /66 units including mgr. units)
Allocation per Unit:	\$ 541,727	(\$35,753,972 /66 units including mgr. units)
Allocation per Restricted Rental Unit:	\$ 550,061	(\$35,753,972 /65 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 35,753,972	\$ 11,542,613
LIH Tax Credit Equity	\$ 1,424,595	\$ 15,685,955
Developer Equity	\$ 500,000	\$ 500,000
Deferred Developer Fee	\$ 0	\$ 905,356
Deferred Costs	\$ 160,895	\$ 160,895
Federal Home Loan Bank AHP Loan	\$ 650,000	\$ 650,000
County of San Mateo Housing Loan A	\$ 2,000,000	\$ 2,000,000
County of San Mateo Housing Loan B	\$ 2,500,000	\$ 2,500,000
CA HCD VHHP Loan	\$ 0	\$ 10,000,000
Total Sources	\$ 42,989,462	\$ 43,944,819

Uses of Funds:	
Land Cost/Acquisition	\$ 3,315,000
Relocation	\$ 200,000
New Construction	\$ 27,745,649
Contractor Overhead & Profit	\$ 1,214,453
Architectural Fees	\$ 1,291,705
Survey and Engineering	\$ 260,000
Construction Interest and Fees	\$ 2,288,048
Permanent Financing	\$ 116,570
Legal Fees	\$ 155,000
Reserves	\$ 1,182,558
Appraisal	\$ 15,000
Hard Cost Contingency	\$ 1,438,005
Local Development Impact Fees	\$ 300,000
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 1,617,475
Developer Costs	\$ 2,805,356
Total Uses	\$ 43,944,819

Analyst Comments:

According to the Project Sponsor the High Cost per unit is due to the following: A historic pump building is located in the center of the site; land cost of \$6 million is high because the market is very strong; there are 3 structures on site that are to be demolished during construction; project includes more ADA accessible units; the project site requires a lot of site work and costly bioswales for storm water runoff. In addition the project is subject to contracting requirements that have added costs (prevailing wage, small business enterprise, and veteran hiring goals).

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:

75 out of 140 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$35,753,972 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
Preservation Project	20	20	0
Exceeding Minimum Income Restrictions:	35	15	35
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	10
Gross Rents	5	5	5
Large Family Units	5	5	0
Leveraging	10	10	10
Community Revitalization Area	5	5	0
Site Amenities	10	10	5
Service Amenities	10	10	0
New Construction or Substantial Renovation	10	10	10
Sustainable Building Methods	10	10	0
Forgone Eligible Developer Fee (Competitive Allocation Process Only)	10	10	N/A
Minimum Term of Restrictions (Competitive Allocation Process Only)	10	10	N/A
Negative Points (No Maximum)	-10	-10	0
Total Points	140	120	75