

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
July 20, 2011
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Richard Fischer

Applicant: California Statewide Communities Development Authority

Allocation Amount Requested:
Tax-exempt: \$8,546,206

Project Information:
Name: Gateway Terrace Apartments
Project Address: Between 4th & Leshar Drive and 5th & T Street
Project City, County, Zip Code: Merced, Merced, 95340

Project Sponsor Information:
Name: Merced Gateway Investors, LP (Central Valley Coalition for Affordable Housing)
Principals: Christina Alley, Renee Downum, Sid McIntyre, Jennifer Bertuccio, Alan Jenkins and Steve Simmons for Central Valley Coalition for Affordable Housing
Property Management Company: Buckingham Property Management

Project Financing Information:
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Private Placement Purchaser: Rabobank, N.A.
TEFRA Hearing Date: June 6, 2011

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 65, plus 1 manager unit
Type: New Construction
Type of Units: Family

This is a new construction 65 unit multifamily apartment project (plus on manager unit) in Merced, California. This two story garden style apartment complex consists of 27 two-bedroom, 28 three-bedroom, 10 four-bedroom units and 1 two-bedroom manager unit. The complex will have eleven buildings spread out creating ample open space and parking. Included in the amenities of the Project is a stand alone 2,185 square foot community room and a Tot lot with play equipment.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
66% (43 units) restricted to 50% or less of area median income households.
34% (22 units) restricted to 60% or less of area median income households.
Unit Mix: 2, 3 & 4 bedrooms

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost: \$ 15,454,287
Estimated Hard Costs per Unit: \$ 146,176 (\$9,501,433 /65 units)
Estimated per Unit Cost: \$ 237,758 (\$15,454,287 /65 units)
Allocation per Unit: \$ 131,480 (\$8,546,206 /65 units)
Allocation per Restricted Rental Unit: \$ 131,480 (\$8,546,206 /65 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 8,546,206	\$ 6,045,336
Deferred Developer Fee	\$ 1,956,675	\$ 94,663
LIH Tax Credit Equity	\$ 1,869,806	\$ 6,232,688
Direct & Indirect Public Funds	\$ 1,581,600	\$ 1,581,600
Other (Merced HOME Funds)	\$ 1,500,000	\$ 1,500,000
Total Sources	\$ 15,454,287	\$ 15,454,287

Uses of Funds:	
Land Purchase	\$ 0
Hard Construction Costs	\$ 9,501,433
Architect & Engineering Fees	\$ 300,000
Contractor Overhead & Profit	\$ 680,067
Developer Fee	\$ 1,956,675
Cost of Issuance	\$ 30,000
Capitalized Interest	\$ 500,000
Other Soft Costs (Marketing, etc.)	\$ 2,486,112
Total Uses	\$ 15,454,287

Description of Financial Structure and Bond Issuance:

This private placement bond transaction is a new construction, then turned permanent loan with the Interest rate to be reset on the date that is 15 years from the conversion date and will be based on the greater of : (i) the 10 year CMT in effect at the time of the rate reset plus a margin of 3.45% not to exceed 4% above the initial Interest rate; or (ii) a floor of 6.5%. The loan will have a 30 year maturity date following the conversion date.

Analyst Comments:

None.

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:

73 out of 118

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$8,546,206 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]	0
Gross Rents	5	5	5
Large Family Units	5	5	5
Leveraging	10	10	8
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
Total Points	118	98	73

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.