

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
July 18, 2012
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: \$10,000,000
Taxable:

Project Information:

Name: Mercy Auburn Senior Apartments
Project Address: 585 Sacramento Street
Project City, County, Zip Code: Auburn, Placer, 95603

Project Sponsor Information:

Name: Mercy Housing California, Inc.
Principals: Douglas Shoemaker, Janr Graf, Valerie Agostino, Ed Holder,
Ben Phililips Stephen Dause, Barbara Gualco, mary Dunbar,
Amy Bayley, Patricia O'Roark and Vincent Dodds

Project Financing Information:

Bond Counsel: Jones Hall, A Professional Law Corporation
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Private Placement Purchaser: Wells Fargo Bank, N.A.
TEFRA Hearing Date: November 14, 2011

Description of Proposed Project:

State Ceiling Pool: General
Total Number of Units: 59, plus 1 manager unit
Type: New Construction
Type of Units: Senior Citizens

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
66% (39 units) restricted to 50% or less of area median income households.
34% (20 units) restricted to 60% or less of area median income households.
Unit Mix: 1 bedroom

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$	17,380,448	
Estimated Hard Costs per Unit:	\$	166,108	(\$9,800,386 /59 units)
Estimated per Unit Cost:	\$	294,584	(\$17,380,448 /59 units)
Allocation per Unit:	\$	169,492	(\$10,000,000 /59 units)
Allocation per Restricted Rental Unit:	\$	169,492	(\$10,000,000 /59 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 10,000,000	\$ 0
Developer Equity	\$ 0	\$ 993,085
Deferred Developer Fee	\$ 0	\$ 114,778
LIH Tax Credit Equity	\$ 250,000	\$ 5,145,421
Direct & Indirect Public Funds	\$ 6,073,600	\$ 11,127,164
Total Sources	\$ 16,323,600	\$ 17,380,448

Uses of Funds:	
Land Purchase	\$ 20,000
On & Off Site Costs	\$ 1,330,708
Hard Construction Costs	\$ 8,469,678
Architect & Engineering Fees	\$ 710,552
Contractor Overhead & Profit	\$ 1,003,212
Developer Fee	\$ 2,082,863
Cost of Issuance	\$ 205,417
Capitalized Interest	\$ 188,228
Other Soft Costs (Marketing, etc.)	\$ 3,369,790
Total Uses	\$ 17,380,448

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: 66.2 out of 118
[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$10,000,000 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]	1.2
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	0
Service Amenities	10	10	5
New Construction	10	10	10
Sustainable Building Methods	8	8	0
Negative Points	-10	-10	0
Total Points	118	98	66.2

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.