

**THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**  
**March 16, 2016**  
**Staff Report**  
**REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A**  
**QUALIFIED RESIDENTIAL RENTAL PROJECT**

*Prepared by: Brian Clark*

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**Applicant:** California Municipal Finance Authority

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**Allocation Amount Requested:**  
**Tax-exempt:** \$32,726,000

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**Project Information:**  
**Name:** Saint Mary Tower Apartments  
**Project Address:** 1120 Atlantic Avenue  
**Project City, County, Zip Code:** Long Beach, Los Angeles, 90813

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**Project Sponsor Information:**  
**Name:** Mercy Housing California 71, LP (St. Mary Tower, LLC)  
**Principals:** Barbara Gualco, Doug Shoemaker, Joe Rosenblum, Vince Dodds and Amy Bayley for St. Mary Tower, LLC  
**Property Management Company:** Mercy Housing Management Group

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**Project Financing Information:**  
**Bond Counsel:** Jones Hall, A Professional Law Corporation  
**Underwriter:** Not Applicable  
**Credit Enhancement Provider:** Not Applicable  
**Private Placement Purchaser:** Citibank, NA  
**TEFRA Noticing Date:** January 11, 2016  
**TEFRA Adoption Date:** February 2, 2016

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**Description of Proposed Project:**  
**State Ceiling Pool:** General  
**Total Number of Units:** 146, plus 1 manager unit  
**Type:** Acquisition and Rehabilitation  
**Type of Units:** Senior Citizens

The Project, constructed in 1986, is located on a 1.05 acre site in Long Beach. The Project, consisting of a single 13-story building and 70 interior parking spaces, houses 146 tenant units (37 studio units and 109 one-bedroom units). Unit amenities include central heat/AC, carpeting, refrigerator, stove/oven and garbage disposal. Community amenities include a fitness center, community room, clubhouse and laundry facility. Renovations will include painting; landscaping; new windows, plumbing fixtures, parking lot pole light heads and Energy Star interior light fixtures and upgrades to the fire protection system, plumbing systems, electrical systems, office, community room, lobby, and elevator equipment room. Rehabilitation is expected to begin in June 2016 and be completed in June 2017.

**Description of Public Benefits:**

**Percent of Restricted Rental Units in the Project:** 100%  
21% (31 units) restricted to 50% or less of area median income households.  
79% (115 units) restricted to 60% or less of area median income households.  
**Unit Mix:** Studio & 1 bedroom

The proposed project will not be providing service amenities.

**Term of Restrictions:**

**Income and Rent Restrictions:** 55 years

**Details of Project Financing:**

<b>Estimated Total Development Cost:</b>	\$ 46,170,973	
<b>Estimated Hard Costs per Unit:</b>	\$ 33,993	(\$4,962,925 /146 units)
<b>Estimated per Unit Cost:</b>	\$ 316,240	(\$46,170,973 /146 units)
<b>Allocation per Unit:</b>	\$ 224,151	(\$32,726,000 /146 units)
<b>Allocation per Restricted Rental Unit:</b>	\$ 224,151	(\$32,726,000 /146 restricted units)

<b>Sources of Funds:</b>	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 32,726,000	\$ 20,346,000
Seller Carryback Loan	\$ 7,024,456	\$ 7,024,456
LIH Tax Credit Equity	\$ 1,196,208	\$ 15,849,138
Deferred Developer Fee	\$ 2,337,279	\$ 2,337,279
Operating Income	\$ 614,000	\$ 614,000
Deferred Costs	\$ 2,272,930	\$ 0
General Partner Equity	\$ 100	\$ 100
<b>Total Sources</b>	<b>\$ 46,170,973</b>	<b>\$ 46,170,973</b>

<b>Uses of Funds:</b>	
Land Cost/Acquisition	\$ 28,700,000
Rehabilitation Costs	\$ 5,868,044
Relocation	\$ 1,200,000
Architectural Fees	\$ 250,000
Survey & Engineering Fees	\$ 80,000
Construction Interest & Fees	\$ 2,147,300
Permanent Financing	\$ 10,000
Legal Fees	\$ 80,000
Reserves	\$ 723,070
Appraisal	\$ 10,000
Contingency	\$ 893,638
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 891,642
Developer Costs	\$ 5,317,279
<b>Total Uses</b>	<b>\$ 46,170,973</b>

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**Description of Financial Structure and Bond Issuance:**

The bonds will be purchased in a private placement transaction by Citibank, NA. During the construction financing phase the loan term will be for 18 months with a variable interest rate equal to 1-month LIBOR plus a spread of 2.00%. During the permanent financing phase, the loan term will be for 35 years with an amortization period of 35 years at a fixed rate equal to the sum of 18-year LIBOR plus a spread of 2.25%.

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**Analyst Comments:**

None

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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:** 46 out of 140  
[See Attachment A]

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**Recommendation:**

Staff recommends that the Committee approve \$32,726,000 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
Preservation Project	20	20	0
Exceeding Minimum Income Restrictions:	35	15	31
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	0
Gross Rents	5	5	5
Large Family Units	5	5	0
Leveraging	10	10	0
Community Revitalization Area	5	5	0
Site Amenities	10	10	10
Service Amenities	10	10	0
New Construction or Substantial Renovation	10	10	0
Sustainable Building Methods	10	10	0
Forgone Eligible Developer Fee (Competitive Allocation Process Only)	10	10	0
Minimum Term of Restrictions (Competitive Allocation Process Only)	10	10	0
Negative Points (No Maximum)	-10	-10	0
<b>Total Points</b>	<b>140</b>	<b>120</b>	<b>46</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.