

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE  
September 23, 2009  
Staff Report  
*REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A  
QUALIFIED RESIDENTIAL RENTAL PROJECT*

Prepared by: Sarah Lester

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**Applicant:** ABAG Finance Authority for Nonprofit Corporations

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**Allocation Amount Requested:**  
**Tax-exempt:** \$30,000,000

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**Project Information:**  
**Name:** Arc Light Co. Apartments (formerly 178 Townsend)  
**Project Address:** 178 Townsend Street  
**Project City, County, Zip Code:** San Francisco, San Francisco, 94107

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**Project Sponsor Information:**  
**Name:** 178 Townsend Properties, LLC (Martin McNerney  
Development, Inc.)  
**Principals:** Patrick M. McNerney

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**Project Financing Information:**  
**Bond Counsel:** Orrick, Herrington & Sutcliffe, LLP  
**Underwriter:** Merchant Capital, L.L.C.  
**Credit Enhancement Provider:** CBRE HMF, Inc.(HUD Direct Lender)/GNMA  
**TEFRA Hearing Date:** May 13, 2009

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**Description of Proposed Project:**  
**State Ceiling Pool:** Mixed Income  
**Total Number of Units:** 84, plus 1 manager unit  
**Type:** New Construction  
**Type of Units:** Family

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**Description of Public Benefits:**  
**Percent of Restricted Rental Units in the Project:** 21%  
21% (18 units) restricted to 50% or less of area median income households.  
**Unit Mix:** Studio, 1 & 2 bedrooms

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**Term of Restrictions:**  
**Income and Rent Restrictions:** 55 years

**Details of Project Financing:**

<b>Estimated Total Development Cost:</b>	\$ 39,170,926	
<b>Estimated Hard Costs per Unit:</b>	\$ 300,807	(\$25,267,784 /84 units)
<b>Estimated per Unit Cost:</b>	\$ 466,321	(\$39,170,926 /84 units)
<b>Allocation per Unit:</b>	\$ 357,143	(\$30,000,000 /84 units)
<b>Allocation per Restricted Rental Unit:</b>	\$ 1,666,667	(\$30,000,000 /18 restricted units)

<b>Sources of Funds:</b>	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 30,000,000	\$ 30,000,000
Developer Equity	\$ 2,747,888	\$ 2,747,888
LIH Tax Credit Equity	\$ 1,842,603	\$ 1,842,603
Direct & Indirect Public Funds	\$ 3,874,332	\$ 3,874,332
Other	\$ 706,103	\$ 706,103
<b>Total Sources</b>	<b>\$ 39,170,926</b>	<b>\$ 39,170,926</b>

<b>Uses of Funds:</b>	
Acquisition Costs	\$ 3,600,000
On & Off Site Costs	\$ 3,016,932
Hard Construction Costs	\$ 22,250,852
Architect & Engineering Fees	\$ 1,896,653
Contractor Overhead & Profit	\$ 750,000
Developer Fee	\$ 1,130,707
Cost of Issuance	\$ 1,172,470
Capitalized Interest	\$ 1,707,243
Other Soft Costs	\$ 3,646,069
<b>Total Uses</b>	<b>\$ 39,170,926</b>

**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:** 51.5 out of 98  
 [See Attachment A]

**Recommendation:**

Staff recommends that the Committee approve \$30,000,000 in tax exempt bond allocation on a carryforward basis. The CDLAC bond issuance deadline shall be 1) the project specific California Tax Credit Allocation Committee closing deadline for January 27, 2010 TCAP/Exchange awards or 2) August 25, 2010 for those applicants unsuccessful in obtaining a TCAP/Exchange award on January 27, 2010.

**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	6
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Federally Assisted At-Risk Project or HOPE VI Project]	[10]	[10]	10
Gross Rents	5	5	5
Large Family Units	5	5	0
Leveraging	10	10	0
Community Revitalization Area	15	15	0
Site Amenities	10	10	7.5
Service Amenities	10	10	5
New Construction	10	10	10
Sustainable Building Methods	8	8	8
Negative Points	-10	-10	0
<b>Total Points</b>	<b>118</b>	<b>98</b>	<b>51.5</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.