



MCCARTY MANOR APARTMENTS SUMMARY AND RECOMMENDATIONS

Applicant:	Rural Communities Housing Development Corp.
Action:	Initial Resolution
Amount:	\$4,000,000 (Not to Exceed)
Purpose:	Finance Affordable Housing Located in the City of Ukiah, County of Mendocino, California
Activity:	Affordable Housing
Meeting:	September 2, 2011

Background:

Rural Communities Housing Development Corporation ("RCHDC") was officially incorporated as a charitable non-profit corporation in November 1975. Initially, RCHDC was involved in developing housing projects involving low-income families, and low income elderly. It has expanded into operating a self-help housing program serving Lake, Mendocino, and Humboldt Counties. It also has developed a property management capability within the organization.

RCHDC's mission is to "provide decent, affordable housing to low and moderate income persons." RCHDC's success in carrying out its mission is evidenced by the following:

- It has built over 300 self-help homes under its home ownership program.
- It has developed and built over 600 units of multi-family low-income housing for elderly and families.
- It manages over 800 units of multi-family low-income housing for both elderly and families.
- It has another 105 units of affordable housing in construction or in the development phase.
- It has another 160 units of affordable housing that it is currently acquiring and rehabbing to maintain as affordable for the long term.

The agency has an extensive history of developing and managing housing projects. Besides developing the units referred to above, it contracts with other non-profits in developing housing projects, and provides supportive services to its elderly projects.

The agency has established fiscal and personnel management systems in place. There is an annual audit done on all of the projects operated by RCHDC. Reports are submitted to the RCHDC Board and all of the financing entities.

The Project:

McCarty Manor Apartments is a 40 unit affordable family development currently owned and managed by Rural Communities Housing Development Corporation (RCHDC). The project is funded with a USDA-RD 515 loan and includes project based Section 8 rental assistance contract for all 40 units. In order to complete the needed rehabilitation on the project, RCHADC proposes to sell the development to a limited partnership. RCHDC will serve as the project developer, and RCHDC's non-profit affiliate, Pine Gardens I, Inc., will serve as the managing general partner of the limited partnership.

The tenants will enjoy a community building that houses the management offices, computer center, community room and laundry facilities.

The City of Ukiah:

The City of Ukiah will need to become a member of the CMFA and hold a TEFRA hearing. Upon closing, the City is expected to receive up to \$2,500 as part of the CMFA's sharing of Issuance Fees.

Proposed Permanent Financing:

Sources of Funds:

Tax-Exempt Bond Proceeds:	\$1,750,000
USDA-RD 515 Loan:	\$1,170,000
RCHDC Loan:	\$ 550,000
Tax Credit Equity:	\$1,743,000
Deferred Developer Fee:	<u>\$ 277,100</u>
Total Sources:	\$5,490,100

Uses of Funds:

Land Acquisition Cost:	\$ 240,000
Building Acquisition:	\$2,160,000
Rehabilitation:	\$1,819,000
Architectural & Engineering:	\$ 28,000
Legal and Professional:	\$ 182,100
Financing:	\$ 171,000
Permits, CDLAC & TCAC Fees:	\$ 60,000
Reserves and Relocation:	\$ 130,000
Developer Fee:	\$ 650,000
Costs of Issuance:	<u>\$ 50,000</u>
Total Uses:	\$5,490,100

Terms of Transaction:

Amount:	\$4,000,000 (not to exceed)
Maturity:	30 years.
Collateral:	Deed of Trust on property.
Bond Purchasers:	Private Placement.
Estimated Closing:	March 2012.

Public Benefit:

The McCarty Manor Apartments will continue to provide 40 affordable apartments for low-income and very low income households. Ukiah's low-income community has a serious need for affordable housing. This project will help supply the area with affordable housing for 55 years.

Percent of Restricted Rental Units in the Project: 100%

32% (13 units) restricted to 50% or less of area median income households; and

68% (27 units) restricted to 60% or less of area median income households.

Unit Mix: 1, 2 and 3 bedrooms

Term of Restrictions: 55 years

Finance Team:

Lender:	Savings Bank of Mendocino County
Bond Counsel:	Quint & Thimmig
Issuer Counsel:	Squire, Sanders & Dempsey LLP
Lender Counsel:	Law Firm of Kathleen Johnson
Borrower Counsel:	Goldfarb & Lipman LLP
Borrower Consultant:	Fred Consulting Associates

Recommendation:

It is recommended that the CMFA Board of Directors approve an Initial Resolution of \$4,000,000 for the McCarty Manor affordable housing facility located in the City of Ukiah, County of Mendocino, California.

Note: This transaction is subject to review and final approval at the Final Resolution.



SCHOOL HOUSE STATION & VISTA GRANDE APARTMENTS SUMMARY AND RECOMMENDATIONS

Applicant: Mercy Housing California

Action: Final Resolution

Amount: \$11,000,000

Purpose: Finance the Acquisition and Construction of Affordable Housing Apartments in the City of Daly City, San Mateo County, California

Activity: Affordable Housing

Meeting: September 2, 2011

Background:

For nearly 30 years, Mercy Housing has been committed to developing affordable, program-enriched housing for low-income families, seniors and people with special needs who lack the economic resources to access quality, safe housing opportunities. They create homes that enrich and improve the communities in which they are located. They develop every property with an unwavering commitment to quality and value. To build their communities, Mercy Housing works with public, private and government partners and developers. To date, Mercy Housing has participated in the development, preservation and/or financing of more than 38,000 affordable homes and an additional 9,300 homes are in the pre-development, construction or concept phase.

Mercy Housing is working to create a more humane world where poverty is alleviated, communities are healthy and all people can develop their full potential. They believe that affordable housing and supportive programs improve the economic status of residents, transform neighborhoods and stabilize lives.

Mercy Housing California (“MHC”) is one of their largest business centers. With offices in Los Angeles, San Francisco and West Sacramento, Mercy Housing California offers affordable low-income housing programs to more than 23,000 people at more than 125 properties. Residents include families, people with special needs and seniors.

Many California residents struggle daily with the high cost of living. The average household income is more than \$48,400 – nearly \$5,000 more than the national average. The average annual income of a Mercy Housing California resident is \$19,525.

The Project:

The MHC project in Daly City is a rehabilitation of two separate properties that reside nearby each other.

School House Station has 46 units in five 3 story buildings. Some units on the third floor have a balcony and other first floor units have a patio or balcony. This site offers a community room/clubhouse, interior courtyard tot lot/ playground area, laundry facilities, an on-site manager's office and 72 below-grade parking spaces.

Vista Grande has 23 units in four 3 story buildings. This site offers a community room/clubhouse, interior courtyard tot lot/ playground area, laundry facilities, an on-site manager's office and 31 underground parking spaces. Both sites feature storage closets, patios, oven/ranges, refrigerators, dish washers and garbage disposals.

Although there is a commercial component to each of the apartment complexes only the apartments will be rehabbed and included in the financing. These properties house 69 families that are in need of affordable housing. The properties will maintain safe comfortable and affordable homes. While providing those benefits these units help the City meet their affordable housing goals.

The City of Daly City:

The City of Daly City is a member of the CMFA and held a TEFRA hearing on April 11, 2011. The City is expected to receive approximately \$6,875 as part of CMFA’s sharing of Issuance Fees.

Project Financing:

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds:	\$11,000,000	\$ 6, 077,103
Land Take Back:	\$ 3,563,740	\$ 3 ,563,740
GP Contribution:	\$ 0	\$ 260,819
LIH Tax Credit Equity:	\$ 240,985	\$ 5,176,772
Accrued/Deferred Interest:	<u>\$ 2,185,294</u>	<u>\$ 2,185,294</u>
Total Sources:	\$16,990,019	\$17,263,728
Uses of Funds:		
Acquisition Costs:	\$ 8,900,000	
Hard Construction Costs:	\$ 4,284,544	
Architectural & Engineering Fees:	\$ 289,000	
Contractor Overhead & Profit:	\$ 603,456	

Developer Fee:	\$ 1,010,587
Cost of Issuance:	\$ 343,800
Capitalized Interest:	\$ 395,702
Other Soft Costs (Marketing, etc.):	<u>\$ 1,436,639</u>
Total Uses:	\$17,263,728

Terms of Transaction:

Amount:	\$11,000,000
Maturity:	30 years.
Collateral:	Deed of Trust on property.
Bond Purchasers:	Private Placement.
Estimated Closing:	September 2011.

Public Benefit:

Together, the School House Station and Vista Grande Apartments will provide 69 affordable apartments for low-income households with incomes at or below the area median income. The Project will be providing, after school programs and a contract with a bonafide service coordinator/social worker. Daly City's low-income community has a need for affordable housing.

Percent of Restricted Rental Units in the Project: 100%
 51% (35 Units) restricted to 50% or less of area median income households; and
 49% (34 Units) restricted to 60% or less of area median income households.
 Unit Mix: 1, 2, 3 and 4 bedrooms.
 Term of Restriction: 55 years

Finance Team:

Bond Purchaser:	Union Bank, N.A.
Bond Counsel:	Jones Hall
Purchaser Counsel:	Kutak Rock, LLP
Issuer Counsel:	Squire, Sanders & Dempsey LLP
Borrower Counsel:	Gubb & Barshay
Financial Advisor:	Community Economics

Recommendation:

It is recommended that the CMFA Board of Directors adopt a Final Resolution in the amount of \$11,000,000 of tax-exempt private activity bonds to finance the acquisition and rehabilitation of affordable housing in the City of Daly City, San Mateo County, California.



CASA GRIFFIN APARTMENTS SUMMARY AND RECOMMENDATIONS

Applicant: Intercontinental Affordable Housing Inc.

Action: Final Resolution

Amount: \$8,500,000

Purpose: Finance the Acquisition, Rehabilitation, Improvement, Renovation and Equipping of Affordable Housing Apartments in the City of Los Angeles, Los Angeles County, California

Activity: Affordable Housing

Meeting: September 2, 2011

Background:

Intercontinental Affordable Housing Inc., (“IAHI”) is a California based not-for-profit organization (501 (c) 3), which aims to help low income family households find clean, quality affordable housing. The organization’s overall mission is to acquire existing “at risk” affordable housing from private investors or partnerships that seek to “opt-out” from current restrictive affordable housing covenants. Through these endeavors, IAHI will be able to keep this portion of the community as affordable housing stock through extension of the affordability covenants for an additional 55 years.

The Project:

The Casa Griffin Apartments is an acquisition, construction and rehabilitation consisting of 39 units with 24 two-bedroom one-bath units and 15 three-bedroom two-bath units. The interior measurements for the two-bedroom units are 679 square feet and three-bedroom units are 960 square feet. The unit amenities include wall heat, blinds, carpeting and coat closet. Appliances include stove/oven, garbage disposal, refrigerator, and the addition of washer/dryer hookups and microwaves will be included. The building has secure parking for 48 total spaces consisting of

garage spaces and open spaces. Common area amenities include on-site laundry facilities, on-site management office, community room with computers and internet access, and a central courtyard.

The City of Los Angeles:

The City of Los Angeles is a member of the CMFA and held a TEFRA hearing on February 9, 2011. LAHD Housing Policy was waived. The City of Los Angeles is expected to receive approximately \$15,937 as part of CMFA's sharing of Issuance Fees.

Project Financing:

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds:	\$ 8,500,000	\$ 8,500,000
Taxable Bond Proceeds:	\$ 3,600,000	\$ 1,000,000
Developer Equity:	\$ 776,573	\$ 538,631
LIH Tax Credit Equity:	\$ 945,981	\$ 3,783,923
Other (Bond Interest Income):	<u>\$ 293,493</u>	<u>\$ 293,493</u>
Total Sources:	\$14,116,047	\$14,116,047

Uses of Funds:

Acquisition Costs:	\$10,080,000
Hard Construction Costs:	\$ 1,256,198
Architectural & Engineering Fees:	\$ 166,151
Contractor Overhead & Profit:	\$ 92,000
Developer Fee:	\$ 1,474,230
Cost of Issuance:	\$ 260,698
Capitalized Interest:	\$ 659,270
Other Soft Costs (Marketing, etc.):	<u>\$ 127,500</u>
Total Uses:	\$14,116,047

Terms of Transaction:

Amount:	\$8,500,000
Maturity:	30 years.
Collateral:	Deed of Trust on property.
Expected Rating:	A- (Standard & Poor's)
Bond Purchasers:	Institutional & Retail Investors.
Estimated Closing:	October 2011.

Public Benefit:

Casa Griffin Apartments will provide 39 affordable apartments for low-income households with incomes at or below the area median income. Services at the Casa Griffin Apartments will feature

the following: Refrigerator, Range, Disposal, Blinds, Laundry Rooms, Elevator, and Community Room with Kitchen and a Gated Entry.

Percent of Restricted Rental Units in the Project: 100%

79% (31 Units) restricted to 50% or less of area median income households; and

21% (8 Units) restricted to 60% or less of area median income households;

Unit Mix: 2 and 3 bedrooms

Term of Restriction: 55 years

Finance Team:

Lender:	Merchant Capital LLC
Bond Counsel:	Kutak Rock LLP
Lender Counsel:	Peck, Shaffer & Williams LLP
Issuer Counsel:	Squire, Sanders & Dempsey LLP
Borrower Counsel:	Levy, Levy & Levy
Rating Agency:	Standard & Poors

Recommendation:

It is recommended that the CMFA Board of Directors adopt a Final Resolution in the amount of \$8,500,000 of tax-exempt private activity bonds to finance the acquisition, rehabilitation, improvement, renovation, and equipping of affordable housing in the City of Los Angeles, Los Angeles County, California.



Deutschman Communications Group

About Us:

Deutschman Communications Group delivers large firm capabilities with boutique style attention. Whether you need to educate the public, persuade legislators or unite groups, we have the savvy and experience necessary to elevate the visibility of your issue, build support for it, maneuver around political obstacles along the way and bring it home for the win.

Kris Deutschman personally oversees all strategy and draws on the expertise of a team of seasoned public affairs professionals steeped in the culture and politics of California to deliver creative solutions that net impressive results.

Our strategic alliances with other leading consultants and a diverse team of regional outreach experts around the state allow us to offer an expanded depth and breadth of experience to our clients that can mobilize quickly for short- or long-term campaigns.

The unique structure allows us to tailor precisely the level of service and strategy you need, no padding, no fancy overhead, no professionals-in-training.

Kris Deutschman

Kris Deutschman is a public affairs and communications strategist with extensive experience leading statewide public education and media campaigns; developing strategic communications programs and issue advocacy campaigns; and providing counsel to business leaders on corporate positioning within the political arena.

Prior to opening Deutschman Communications Group in 2004, Ms. Deutschman was a partner in one of California's leading public affairs firms, Townsend Raimundo Besler & Usher. Her past and present client list includes public agencies, global corporations, non-profit organizations, trade associations and political candidates and initiatives.

Ms. Deutschman builds campaigns on a foundation of knowledge and experience. Her track record includes providing strategic statewide and regional communications counsel to the California High-Speed Rail Authority for more than 10 years, during which time she was the communications director in the effort to pass California's Proposition 1A, the successful November 2008 bond measure providing \$9.95 billion to build the nation's first high-speed train system.

She also has more than 15 years experience in California's health care arena, helping to advance legislative and regulatory policies for California's hospitals, physician groups, biotech companies and non-profit entities.

Whether developing a media and public educational effort to support legislative objectives, a public relations program for non-profit organizations, a community relations program for corporate projects, or directing the communications and media programs for statewide initiative campaigns, Ms. Deutschman has a keen and sophisticated sense for crafting communications and advocacy programs that enhance a client's reputation and support its strategic goals.

Her collaborative style proves highly effective, and she has established a solid statewide network that includes elected officials and their staff, corporate and community leaders, public agency officials and the media.

Kris served on the board of directors of the Sacramento Metropolitan Chamber of Commerce, and is past president of the Sacramento YWCA. She received her B.A. degree from California State University, Fresno.

Ms. Deutschman is married to Scott Doniger and has two Siberian huskies, Mojo and Tiki.