



**EL DORADO COUNTY  
HEALTH AND HUMAN SERVICES AGENCY**

**MEMO**

# 16

**Date:** February 6, 2012

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Date 3:03 pm, Feb 06, 2012

**To:** Board of Supervisors

**From:** Ren Scammon, Administrative Services Officer *Ren*

**Subject:** Sunset Lane Apartments – Lien Positions

Mercy Housing California, through the limited partnership of Mercy Housing California 55, intends to construct a 40-unit affordable multi-family rental housing development in Shingle Springs, of which 39 units will be affordable to households at or below 50% of the area median income and one unit will be for an onsite manager. Financing for the development is through several private and public sources.

In 2010, the property on which the development will be located was appraised at \$450,000. Mercy Housing California entered into an option agreement to acquire the land for the sum of \$500,000. An appraisal of the land and planned improvements is underway by the primary construction lender and will be available in the coming weeks. Total construction financing is estimated at approximately \$12.8 million and permanent financing at approximately \$13.5 million.

During the construction phase, the following financing would be in place. The exact dollar value and interest rate for the construction loan, and the contribution from the equity investor, will be determined in the coming weeks.

**Construction Financing**

Source Name	Lien Position	Amount	Interest Rate
Construction Loan (Citibank)	1	\$5,645,091	4.50%
CalHFA HELP via County	2	\$1,400,000	3.50%
State HOME	3	\$3,000,000	3.00%
MHSA via CalHFA	4	\$540,800	3.00%
CDBG	5	\$483,000	3.00%
County TIM Fee Offset	6	\$1,060,020	
Equity Investor (Enterprise Community Partners)		\$700,000	
<b>TOTAL</b>		<b>\$12,828,911</b>	

Once construction is complete, permanent financing will be obtained. The following chart identifies the permanent funding sources, lien position and anticipated amounts pending final determination of the dollar value and interest rate of the first mortgage and the equity investor contribution.

Permanent Financing

Source Name	Lien Position	Amount	Rate
First Mortgage (Citibank)	1	\$542,200	7.00%
State HOME	2	\$3,000,000	3.00%
MHSA via CalHFA	3	\$540,800	3.00%
CDBG	4	\$483,000	3.00%
County TIM Fee Offset	5	\$1,060,020	n/a
Deferred Developer Fee		\$111,909	
General Partner Equity		\$782	
Equity Investor (Enterprise Community Partners)		\$7,820,000	
<b>TOTAL</b>		<b>\$13,558,711</b>	

The permanent financing, through Citibank and the equity investor contribution, will repay the CalHFA HELP loan of \$1,400,000 plus interest. That sum will be repaid by the County to the State. The HOME and CDBG loan terms will be 55 years at 3% interest and repaid via residual receipts.