

**THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**  
**December 3, 2008**  
**Staff Report**  
**REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A**  
**QUALIFIED RESIDENTIAL RENTAL PROJECT**

*Prepared by Brady Hill.*

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**Applicant:** California Housing Finance Agency

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**Allocation Amount Requested:** Tax-exempt \$12,190,000  
**PROJECT ORIGINALLY RECEIVED ALLOCATION ON JULY 16, 2008. APPLICANT REQUESTED AWARD BE DEFERRED TO DECEMBER 3 ALLOCATION MEETING**

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**Project Name:** Salinas Gateway Apartments  
**Project Address:** 25 Lincoln Avenue  
**Project City, County, Zip Code:** Salinas, Monterey, 93901

The proposed Project is located in a Community Revitalization area, more specifically in the Central City Redevelopment Project Area.

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**Project Sponsor Information:**  
**Name:** Salinas Gateway, L.P.  
(Salinas Gateway, LLC)  
**Principals:** Jeff Oberdorfer

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**Project Financing Information:**  
**Bond Counsel:** Orrick, Herrington & Sutcliffe LLP  
**Underwriter:** Merrill Lynch & Co.  
**Credit Enhancement Provider:** California Housing Finance Agency  
**Private Placement Purchaser:** Not applicable  
**TEFRA Hearing:** February 20, 2008

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**Description of Proposed Project:**  
**State Ceiling Pool:** General  
**Total Number of Units:** 51, plus 1 manager unit  
**Type:** New Construction  
**Type of Units:** Family, Special Needs

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**Description of Public Benefits:**  
**Percent of Restricted Rental Units in the Project: 100%**  
100% (51 units) restricted to 50% or less of area median income households.  
**Unit Mix:** Studio, 1 and 2 bedrooms

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**Term of Restrictions:** 55 years

**Estimated Total Development Cost (Residential):** \$18,023,281  
**Estimated Hard Costs per Unit (Residential):** \$208,993.00 ( \$10,658,627 / 51 units)  
**Estimated per Unit Cost (Residential):** \$353,398.00 ( \$18,023,281 / 51 units)  
**Allocation per Unit:** \$239,020.00 ( \$12,190,000 / 51 units)  
**Allocation per Restricted Rental Unit:** \$239,020.00 ( \$12,190,000 / 51 restricted units)

<b>Sources of Funds:</b>	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$12,190,000	\$400,000
Taxable Bond Proceeds	\$300,000	\$300,000
Developer Equity	\$1,500,000	\$1,810,413
LIH Tax Credit Equity	\$589,000	\$7,175,008
Direct & Indirect Public Funds	\$3,100,000	\$8,312,894
Commercial Sales Proceeds	\$0	\$900,000
Total Sources	\$17,679,000	\$18,898,315

<b>Uses of Funds:</b>	<u>Totals</u>	<u>Residential</u>	<u>Commercial</u>
Acquisition	\$910,000	\$864,500	\$45,500
New Construction	\$12,911,989	\$12,298,989	\$613,000
Architectural	\$750,000	\$712,500	\$37,500
Survey & Engineering	\$80,000	\$76,000	\$4,000
Contingency Costs	\$697,776	\$664,876	\$32,900
Construction Period Expenses	\$1,153,750	\$1,108,416	\$45,334
Permanent Financing Expenses	\$51,500	\$51,500	\$0
Legal Fees	\$73,000	\$70,250	\$2,750
Capitalized Reserves	\$79,300	\$79,300	\$0
Reports & Studies	\$62,000	\$61,000	\$1,000
Other	\$728,000	\$703,000	\$25,000
Developer Costs	\$1,401,000	\$1,332,950	\$68,050
Total Uses	\$18,898,315	\$18,023,281	\$875,034

**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:** 120.5 out of 138  
[See Attachment A]

**Recommendation:**

Staff recommends that the Committee approve \$12,190,000 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: Non-Mixed Income Project Mixed Income Project	35	15	35
Gross Rents	5	5	5
Exceeding Minimum Rent Restrictions: [Allowed if 10 pts not awarded above in Federally Assisted At-Risk Project or HOPE VI Project]	10	10	10
Exceeding Minimum Term of Restrictions	10	10	10
Large Family Units	5	5	0
Leveraging	10	10	10
Community Revitalization Area	15	15	15
Site Amenities	10	10	7.5
Service Amenities	10	10	10
Sustainable Building Methods	8	8	8
New Construction	10	10	10
Negative Points	NA	NA	0
<b>Total Points</b>	<b>138</b>	<b>118</b>	<b>120.5</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.

Agenda Item No. 8.5  
Application No. 08-089