

**THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**  
**July 25, 2007**  
**Executive Summary**  
**REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A**  
**QUALIFIED RESIDENTIAL RENTAL PROJECT**

*Prepared by Brady Hill.*

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**Applicant:** Housing Authority of the City of Chula Vista

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**Allocation Amount Requested:** Tax-exempt \$4,672,048

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**Project Name:** Oxford Terrace Apartments  
**Project Address:** 555 Oxford Street  
**Project City, County, Zip Code:** Chula Vista, San Diego, 91911

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**Project Sponsor Information:**  
**Name:** Oxford Terrace Partners, LP (Alpha Project)  
**Principals:** Robert McElroy, Jan Norby, Kyla Winters and Amy Gonyeau

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**Project Financing Information:**  
**Bond Counsel:** Stradling, Yocca, Carlson & Rauth  
**Underwriter:** Kinsell, Newcomb & De Dios, Inc.  
**Credit Enhancement Provider:** Red Mortgage Capital / FHA (senior bonds)  
**Private Placement Purchaser:** Alpha Project (subordinate bonds)  
**TEFRA Hearing:** January 9, 2007

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**Description of Proposed Project:**  
**State Ceiling Pool:** General  
**Total Number of Units:** 130, plus 2 manager units  
**Type:** Acquisition and Rehabilitation  
**Type of Units:** Family

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**Description of Public Benefits:**  
**Percent of Restricted Rental Units in the Project: 81%**  
12% (15 units) restricted to 50% or less of area median income households; and  
69% (90 units) restricted to 60% or less of area median income households.  
**Unit Mix:** 1, 2 and 3 bedrooms

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**Term of Restrictions:** 55 years

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<b>Estimated Total Development Cost:</b>	\$9,678,341
<b>Estimated Hard Costs per Unit:</b>	\$ 16,520 (\$2,147,650/130 units)
<b>Estimated per Unit Cost:</b>	\$ 74,449 (\$9,678,341/130 units)
<b>Allocation per Unit:</b>	\$ 33,939 (\$4,672,048/130 units)
<b>Allocation per Restricted Rental Unit:</b>	\$ 44,496 (\$4,672,048/105 restricted units)

<b>Sources of Funds:</b>	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds (Series A)	\$2,431,600	\$2,431,600
Tax-Exempt Bonds Proceeds (Series B)	\$2,240,448	\$2,240,448
LIH Tax Credit Equity	\$2,666,770	\$2,666,770
Seller Financing	\$1,540,262	\$1,540,262
Other	<u>\$ 609,283</u>	<u>\$ 799,261</u>
Total Sources	\$9,488,363	\$9,678,341

<b>Uses of Funds:</b>	
Land Purchase	\$4,800,000
On-Site & Off-Site Costs	\$ 48,850
Hard Construction Costs	\$2,098,800
Architect & Engineering Fees	\$ 12,000
Contractor Overhead & Profit	\$ 158,400
Developer Fee	\$1,152,789
Relocation	\$ 150,000
Cost of Issuance	\$ 314,145
Capitalized Interest	\$ 315,621
Other Soft Costs	<u>\$ 672,736</u>
Total Uses	\$9,678,341

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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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**COMMENTS:**

The requested bond allocation amount of \$4,672,048 is required to satisfy the 50% test in order to generate tax credits. The reason a portion of the bonds need to be allocated to the seller is because of bond counsel concerns pertaining to the bonds having to be utilized for "good costs" under bond tax law. If the bonds are not allocated to the seller to be applied to a portion of the acquisition price, there would not be sufficient good costs to absorb the bond allocation, which, as previously stated, is required to then allow for tax credits to be allocated.

(Explanation provided by Financial Advisor for Oxford Terrace Partners, LP-Rhonda Connolly of Connolly Capital Group)

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**Total Points:** 65 out of 128  
[See Attachment A]

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**Recommendation:**

Staff recommends that the Committee approve \$4,672,048 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	22
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
Large Family Units	5	5	0
Leveraging	10	10	0
Community Revitalization Area	15	15	0
Site Amenities	10	10	10
Service Amenities	10	10	10
Sustainable Building Methods	8	8	8
New Construction	10	10	0
Negative Points	NA	NA	0
<b>Total Points</b>	<b>128</b>	<b>108</b>	<b>65</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.