

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
July 16, 2008
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by Richard C. Fischer .

Applicant: ABAG Finance Authority for Nonprofit Corporations

Allocation Amount Requested: Tax-exempt \$7,600,000

Project Name: Terracina at Elk Grove
Project Address: 9440 West Stockton Boulevard
Project City, County, Zip Code: Elk Grove, Sacramento, 95758

Project Sponsor Information:
Name: Terracina Elk Grove, L.P. (USA Elk Grove, Inc. and Riverside Charitable Corporation)
Principals: Geoffrey C. Brown, Edward R. Herzog, Michael J. McCleery and Karen McCurdy for USA Elk Grove, Inc.; Kenneth S. Robertson, Penny M. LaRue, Trisha Hockings and Stewart Hall for Riverside Charitable Corporation.

Project Financing Information:
Bond Counsel: Jones Hall, A Professional Law Corporation
Credit Enhancement Provider: Not applicable
Private Placement Purchaser: Wells Fargo, N.A.
TEFRA Hearing: June 11, 2008

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 122, plus 2 manager units
Type: Acquisition and Rehabilitation
Type of Units: Family

Description of Public Benefits:
Percent of Restricted Rental Units in the Project: 100%
29% (35 units) restricted to 50% or less of area median income households; and
71% (87 units) restricted to 60% or less of area median income households.
Unit Mix: 1-, 2-, and 3-bedrooms

Term of Restrictions: 55 years

| | |
|---|--|
| Estimated Total Development Cost: | \$14,364,455 |
| Estimated Hard Costs per Unit: | \$ 17,279 (\$2,108,000/122 units) |
| Estimated per Unit Cost: | \$ 117,741 (\$14,364,455/122 units) |
| Allocation per Unit: | \$ 62,295 (\$7,600,000/122 units) |
| Allocation per Restricted Rental Unit: | \$ 62,295 (\$7,600,000/122 restricted units) |

| Sources of Funds: | <u>Construction</u> | <u>Permanent</u> |
|--------------------------------|---------------------|---------------------|
| Tax-Exempt Bond Proceeds | \$ 7,600,000 | \$ 5,670,000 |
| Developer Note | \$ 0 | \$ 674,309 |
| Deferred Costs | \$ 1,507,090 | \$ 0 |
| LIH Tax Credit Equity | \$ 1,117,529 | \$ 3,880,310 |
| Seller Carry-back Note | \$ 494,172 | \$ 494,172 |
| Direct & Indirect Public Funds | <u>\$ 3,645,664</u> | <u>\$ 3,645,664</u> |
| Total Sources | \$14,364,455 | \$14,364,455 |

| Uses of Funds: | |
|------------------------------------|---------------------|
| Acquisition Cost | \$ 8,240,000 |
| Hard Construction Costs | \$ 2,108,000 |
| Architect & Engineering Fees | \$ 50,000 |
| Contractor Overhead & Profit | \$ 324,632 |
| Developer Fee | \$ 1,767,359 |
| Relocation | \$ 120,900 |
| Cost of Issuance | \$ 160,000 |
| Capitalized Interest | \$ 342,000 |
| Other Soft Costs (Marketing, etc.) | <u>\$ 1,251,564</u> |
| Total Uses | \$14,364,455 |

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: 83.8 out of 128
[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$7,600,000 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 | 34 |
| Gross Rents | 5 | 5 | 0 |
| Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Federally Assisted At-Risk Project or HOPE VI Project] | [10] | [10] | 4.8 |
| Exceeding Minimum Term of Restrictions | 10 | 10 | 10 |
| Large Family Units | 5 | 5 | 5 |
| Leveraging | 10 | 10 | 10 |
| Community Revitalization Area | 15 | 15 | 0 |
| Site Amenities | 10 | 10 | 10 |
| Service Amenities | 10 | 10 | 10 |
| Sustainable Building Methods | 8 | 8 | 0 |
| New Construction | 10 | 10 | 0 |
| Negative Points | NA | NA | NA |
| Total Points | 148 | 128 | 83.8 |

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.