

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
December 3, 2008
Staff Report
2008 HOUSING ACT VOLUME CAP (H.R. 3221)
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Brady Hill

Applicant: City of Oceanside

Allocation Amount Requested: Tax-exempt: \$15,000,000

Project Information:

Name: Shadow Way Apartments
Project Address: 4771 Yuma Ave.
Project City, County, Zip Code: Oceanside, San Diego, 92057

Project Sponsor Information:

Name: Shadow Way Apartments, LP (Shadow Way Holdings, LLC and Western Community Housing, Inc.)
Principals: Dell Loy Hansen, Kipling Sheppard, Jeff Nielson, Brad Mishler, Tony Hladek, Joel Larsen, JD Neilson and Corey Johnson for Shadow Way Holdings, LLC; Graham Espley-Jones, Leanne Truofeh, David Connelly and Sandra Gibbons for Western Community Housing, Inc.

Project Financing Information:

Bond Counsel: Best Best & Krieger LLP
Underwriter: Prudential
Credit Enhancement Provider: Prudential Mortgage Capital Company (Freddie Mac)
TEFRA Hearing: September 10, 2008

Description of Proposed Project:

State Ceiling Pool: General
Total Number of Units: 144, plus no manager's units
Type: Acquisition and Rehabilitation
Type of Units: Family

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
10% (15 units) restricted to 50% or less of area median income households.
90% (129 units) restricted to 60% or less of area median income households.
Unit Mix: 2 bedrooms

Term of Restrictions: 55 years

Estimated Total Development Cost:	\$28,084,404	
Estimated Hard Costs per Unit:	\$29,334	(\$4,224,040 / 144 units)
Estimated per Unit Cost:	\$195,031	(\$28,084,404 / 144 units)
Allocation per Unit:	\$104,167	(\$15,000,000 / 144 units)
Allocation per Restricted Rental Unit:	\$104,167	(\$15,000,000 / 144 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 15,000,000	\$ 15,000,000
Deferred Equity	\$ 0	\$ 500,000
LIH Tax Credit Equity	\$ 5,562,028	\$ 6,984,404
Direct & Indirect Public Funds	\$ 5,600,000	\$ 5,600,000
Other (Deferred Costs)	\$ 1,922,376	\$ 0
Total Sources	\$ 28,084,404	\$ 28,084,404

Uses of Funds:	
Acquisition Costs	\$ 19,290,000
On & Off Site Costs	\$ 25,000
Hard Construction Costs	\$ 4,199,040
Architect & Engineering Fees (Legal)	\$ 115,825
Contractor Overhead & Profit	\$ 233,280
Relocation/Marketing/Legal	\$ 528,800
Developer Fee	\$ 2,500,000
Cost of Issuance	\$ 464,060
Other Soft Costs	\$ 728,399
Total Uses	\$ 28,084,404

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: 76.3 out of 128

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$15,000,000 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:	35	15	25
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Federally Assisted At-Risk Project or HOPE VI Project]	[10]	[10]	6.3
Gross Rents	5	5	5
Large Family Units	5	5	0
Leveraging	10	10	10
Exceeding Minimum Term of Restrictions	10	10	10
Community Revitalization Area	15	15	0
Site Amenities	10	10	10
Service Amenities	10	10	10
New Construction	10	10	0
Sustainable Building Methods	8	8	0
Negative Points	-10	-10	0
Total Points	128	108	76.3

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.