

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
September 23, 2009
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Brady Hill

Applicant: City of San Jose

Allocation Amount Requested:

Tax-exempt: \$26,775,000

Project Information:

Name: Fourth Street Apartments
Project Address: 1460 North Fourth Street
Project City, County, Zip Code: San Jose, Santa Clara, 95112

Project Sponsor Information:

Name: Fourth Street Apartments, L.P. (Fourth Street Apartments, LLC)
Principals: Jeff Oberdorfer and Dick Conniff for Fourth Street Apartments, LLC

Project Financing Information:

Bond Counsel: Jones Hall, A Professional Law Corporation
Underwriter: Not Applicable
Credit Enhancement Provider: Bank of America, N.A.
TEFRA Hearing: June 4, 2009

Description of Proposed Project:

State Ceiling Pool: General
Total Number of Units: 99, plus 1 manager unit
Type: New Construction
Type of Units: Family/Special Needs

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
76% (75 units) restricted to 50% or less of area median income households.
24% (24 units) restricted to 60% or less of area median income households.
Unit Mix: 1, 2 & 3 bedrooms

Term of Restrictions:

Income and Rent Restrictions: 55 years

Estimated Total Development Cost:	\$ 46,857,273	
Estimated Hard Costs per Unit:	\$ 301,414	(\$29,840,000 /99 units)
Estimated per Unit Cost:	\$ 473,306	(\$46,857,273 /99 units)
Allocation per Unit:	\$ 270,455	(\$26,775,000 /99 units)
Allocation per Restricted Rental Unit:	\$ 270,455	(\$26,775,000 /99 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 26,775,000	\$ 6,062,000
Developer Equity	\$ 100	\$ 100
Deferred Developer Fee	\$ 0	\$ 259,744
LIH Tax Credit Equity	\$ 1,687,758	\$ 14,962,067
Direct & Indirect Public Funds	\$ 16,783,516	\$ 25,573,362
Deferred Costs	\$ 1,610,900	\$ 0
Total Sources	\$ 46,857,274	\$ 46,857,273

Uses of Funds:	
Land Purchase	\$ 354,685
On-Site and Off-Site Costs	\$ 1,200,000
Hard Construction Costs	\$ 28,640,000
Hard Cost Contingency	\$ 1,690,000
Architect & Engineering Fees	\$ 2,325,000
Contractor Overhead & Profit	\$ 3,960,000
Developer Fee	\$ 1,400,000
Cost of Issuance	\$ 787,881
Capitalized Interest	\$ 3,021,326
Other Soft Costs, Marketing	\$ 3,478,381
Total Uses	\$ 46,857,273

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: 85.5 out of 118
 [See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$26,775,000 in tax exempt bond allocation on a carryforward basis.

The CDLAC bond issuance deadline shall be 1) the project specific California Tax Credit Allocation Committee closing deadline for January 27, 2010 TCAP/Exchange awards or 2) August 25, 2010 for those applicants unsuccessful in obtaining a TCAP/Exchange award on January 27, 2010

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	35
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Federally Assisted At-Risk Project or HOPE VI Project]	[10]	[10]	0
Gross Rents	5	5	5
Large Family Units	5	5	5
Leveraging	10	10	10
Community Revitalization Area	15	15	0
Site Amenities	10	10	7.5
Service Amenities	10	10	10
New Construction	10	10	10
Sustainable Building Methods	8	8	3
Negative Points	-10	-10	0
Total Points	118	108	85.5

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.