

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE  
May 26, 2010  
Staff Report  
**REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A  
QUALIFIED RESIDENTIAL RENTAL PROJECT**

Prepared by: Crystal Alvarez

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**Applicant:** City of San Jose

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**Allocation Amount Requested:**  
**Tax-exempt:** \$14,200,000

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**Project Information:**  
**Name:** Orvieto Family Apartments  
**Project Address:** SW Corner Montecito Vista Drive & Goble Lane  
**Project City, County, Zip Code:** San Jose, Santa Clara, 95111

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**Project Sponsor Information:**  
**Name:** Orvieto Family Apartments, L.P. (ROEM Orvieto Family, LLC and Eden Orvieto, LLC)  
**Principals:** Marcus Griffin, Andrea Papanastassiou and Robert Emami

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**Project Financing Information:**  
**Bond Counsel:** Quint & Thimmig LLP  
**Underwriter:** RBC Capital Markets  
**Credit Enhancement Provider:** Citibank, N.A. (permanent)  
**Private Placement Purchaser:** Chase Bank, N.A (construction)  
**TEFRA Hearing Date:** July 6, 2009

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**Description of Proposed Project:**  
**State Ceiling Pool:** General  
**Total Number of Units:** 91, plus  
**Type:** New Construction  
**Type of Units:** Family

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**Description of Public Benefits:**  
**Percent of Restricted Rental Units in the Project:** 100%  
100% (91 units) restricted to 50% or less of area median income households.  
**Unit Mix:** 1, 2 & 3 bedrooms

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**Term of Restrictions:**  
**Income and Rent Restrictions:** 55 years

**Details of Project Financing:**

<b>Estimated Total Development Cost:</b>	\$ 29,456,489	
<b>Estimated Hard Costs per Unit:</b>	\$ 165,253	(\$15,038,000 /91 units)
<b>Estimated per Unit Cost:</b>	\$ 323,698	(\$29,456,489 /91 units)
<b>Allocation per Unit:</b>	\$ 156,044	(\$14,200,000 /91 units)
<b>Allocation per Restricted Rental Unit:</b>	\$ 156,044	(\$14,200,000 /91 restricted units)

<b>Sources of Funds:</b>	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 14,200,000	\$ 6,810,000
Interest Income	\$ 99,551	\$ 99,551
Deferred Developer Fee	\$ 1,776,225	\$ 1,224,567
LIH Tax Credit Equity	\$ 4,259,236	\$ 7,744,066
Direct & Indirect Public Funds	\$ 13,221,444	\$ 13,221,444
Deferred Developer Reserve	\$ 490,308	\$ 0
Lease-Up Income	\$ 0	\$ 359,861
Interim Bond Repayment	\$ -4,587,275	\$ 0
<b>Total Sources</b>	<b>\$ 29,459,489</b>	<b>\$ 29,459,489</b>

<b>Uses of Funds:</b>	
Acquisition Costs	\$ 3,134,138
New Construction Costs	\$ 18,595,560
Architectural	\$ 425,000
Survey & Engineering	\$ 300,000
Contingency Costs	\$ 1,054,438
Construction Period Expenses	\$ 2,109,506
Permanent Financing Expenses	\$ 93,900
Legal Fees	\$ 195,000
Capitalized Reserves	\$ 490,308
Reports & Studies	\$ 20,000
Other (Marketing, etc)	\$ 1,041,639
Developer Costs	\$ 2,000,000
<b>Total Uses</b>	<b>\$ 29,459,489</b>

**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 out of 118  
[See Attachment A]

**Recommendation:**

Staff recommends that the Committee approve \$14,200,000 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	35
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Federally Assisted At-Risk Project or HOPE VI Project]	[10]	[10]	10
Gross Rents	5	5	0
Large Family Units	5	5	5
Leveraging	10	10	10
Community Revitalization Area	15	15	0
Site Amenities	10	10	5
Service Amenities	10	10	10
New Construction	10	10	10
Sustainable Building Methods	8	8	0
Negative Points	-10	-10	0
<b>Total Points</b>	<b>118</b>	<b>98</b>	<b>85</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.