

**THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**  
**March 21, 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:** County of Orange

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**Allocation Amount Requested:** Tax-exempt \$19,000,000

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**Project Name:** Granite Court Apartments  
**Project Address:** 17421 Murphy Avenue  
**Project City, County, Zip Code:** Irvine, Orange, 92614

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**Project Sponsor Information:**  
**Name:** To be formed, LP (Jamboree Housing Corporation)  
**Principals:** Helen O'Sullivan, David Wood, Darrin Montalvo and  
Laura Archuleta

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**Project Financing Information:**  
**Bond Counsel:** Stradling, Yocca, Carlson & Rauth  
**Underwriter:** Not applicable  
**Credit Enhancement Provider:** Not applicable  
**Private Placement Purchaser:** Union Bank of California  
**TEFRA Hearing:** January 9, 2007

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**Description of Proposed Project:**  
**State Ceiling Pool:** General  
**Total Number of Units:** 70, plus 1 manager unit  
**Type:** New Construction  
**Type of Units:** Family

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**Description of Public Benefits:**  
**Percent of Restricted Rental Units in the Project: 100%**  
87% (61 units) restricted to 50% or less of area median income households; and  
13% (9 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

<b>Estimated Total Development Cost:</b>	\$30,268,782
<b>Estimated Hard Costs per Unit:</b>	\$ 251,827 (\$17,627,874/70 units)
<b>Estimated per Unit Cost:</b>	\$ 432,411 (\$30,268,782/70 units)
<b>Allocation per Unit:</b>	\$ 271,429 (\$19,000,000/70 units)
<b>Allocation per Restricted Rental Unit:</b>	\$ 271,429 (\$19,000,000/70 restricted units)

The Project has total project costs that appear high for the geographic area in which it is located. According to the Project Sponsor, the high cost is due to the following reasons:

1) the land was purchased at market value in a high cost area; 2) demolition of existing site; 3) relocation of existing commercial tenant; 4) higher construction costs for podium style buildings to accommodate urban infill site; 5) general inflation of construction costs; 6) prevailing wage requirement; 7) construction of two garage levels; 8) unit mix has a disproportionate number of larger bedrooms: larger units mean higher costs; 9) entitlement process in City of Irvine is complicated and costly; 10) plan check, building permits, transfer development rights and development impact fees are extremely high (approximately \$1.6 million).

<b>Sources of Funds:</b>	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$19,000,000	\$ 2,194,582
Deferred Developer Fee	\$ 480,000	\$ 251,500
LIH Tax Credit Equity	\$ 5,618,362	\$11,116,578
Deferred Interest (City of Irvine Loan)	\$ 120,796	\$ 120,796
Direct & Indirect Public Funds	\$ 4,660,000	\$16,524,077
Other	<u>\$ 0</u>	<u>\$ 61,250</u>
<b>Total Sources</b>	<b>\$29,879,158</b>	<b>\$30,268,783</b>

<b>Uses of Funds:</b>	
Land Purchase	\$ 3,515,000
On-Site & Off-Site Costs	\$ 1,910,959
Hard Construction Costs	\$15,716,915
Architect & Engineering Fees	\$ 1,288,410
Contractor Overhead & Profit	\$ 792,611
Developer Fee	\$ 1,200,000
Cost of Issuance	\$ 380,000
Capitalized Interest	\$ 1,657,381
Other Soft Costs	<u>\$ 3,807,507</u>
<b>Total Uses</b>	<b>\$30,268,783</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:** 90.5 out of 128  
[See Attachment A]

**Recommendation:**

Staff recommends that the Committee approve \$19,000,000 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: Non-Mixed Income Project Mixed Income Project	35	15	35
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	5
Leveraging	10	10	10
Community Revitalization Area	15	15	0
Site Amenities	10	10	7.5
Service Amenities	10	10	0
Sustainable Building Methods	8	8	8
New Construction	10	10	10
Negative Points	NA	NA	0
<b>Total Points</b>	<b>128</b>	<b>108</b>	<b>90.5</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.