

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 Richard Fischer.

Applicant: City of San Jose

Allocation Amount Requested: Tax-exempt \$11,000,000

Project Name: Casa Feliz Studios
Project Address: 525 South Ninth Street
Project City, County, Zip Code: San Jose, Santa Clara, 95112

Located in University Strong Neighborhoods Initiative Community Revitalization Area

Project Sponsor Information:
Name: Casa Feliz Studios, LP (First Community Housing and
The John Stewart Company)
Principals: Jeff Oberdorfer, Gary Schoennauer, John Burns,
John Stewart, Jack Gardner and Michael Smith-Heimer,
Sr.

Project Financing Information:
Bond Counsel: Nixon Peabody, LLP
Underwriter: Not applicable
Private Placement Purchaser: US Bank
TEFRA Hearing: February 14, 2007

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 59, 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%
100% (59 units) restricted to 50% or less of area median income households.
Unit Mix: Studio

Term of Restrictions: 55 years

Estimated Total Development Cost:	\$16,206,917
Estimated Hard Costs per Unit:	\$ 165,508 (\$9,765,000/59 units)
Estimated per Unit Cost:	\$ 274,693 (\$16,206,917/59 units)
Allocation per Unit:	\$ 186,441 (\$11,000,000/59 units)
Allocation per Restricted Rental Unit:	\$ 186,441 (\$11,000,000/59 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$11,000,000	\$ 0
Developer Equity	\$ 0	\$ 653
LIH Tax Credit Equity	\$ 1,939,805	\$ 6,530,272
Direct & Indirect Public Funds	<u>\$ 2,675,993</u>	<u>\$ 9,675,992</u>
Total Sources	\$15,615,798	\$16,206,917

Uses of Funds:	
Land Purchase	\$ 1,260,000
On-Site & Off-Site Costs	\$ 1,065,000
Hard Construction Costs	\$ 8,700,000
Architect & Engineering Fees	\$ 600,000
Contractor Overhead & Profit	\$ 735,000
Developer Fee	\$ 885,000
Cost of Issuance	\$ 323,240
Capitalized Interest	\$ 872,940
Other Soft Costs	<u>\$ 1,765,737</u>
Total Uses	\$16,206,917

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: 108 out of 128
[See Attachment #A]

Recommendation:

Staff recommends that the Committee approve \$11,000,000 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	NA
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	0
Leveraging	10	10	10
Community Revitalization Area	15	15	15
Site Amenities	10	10	10
Service Amenities	10	10	10
Sustainable Building Methods	8	8	3
New Construction	10	10	10
Negative Points	NA	NA	NA
Total Points	128	108	108

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.