

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
May 23, 2007
Executive Summary
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by Crystal Alvarez.

Applicant: Redevelopment Agency of the City of Santa Cruz

Allocation Amount Requested: Tax-exempt \$28,205,000

Project Name: Tannery Artists Loft Apartments
Project Address: 1040 River Street
Project City, County, Zip Code: Santa Cruz, Santa Cruz, 95060

The proposed project is located in the Community Revitalization area of the Merged Earthquake Recovery and Reconstruction Redevelopment Project.

Project Sponsor Information:

Name: Tannery Artist Lofts Limited Partnership
(Tannery Artists Lofts, LLC, Artspace Tannery Lofts LLC, and Artspace Projects, Inc.)
Principals: Gregory P. Handberg for Tannery Artists Lofts and Artspace Projects; L. Kelly Lindquist for Artspace Projects, Inc.

Project Financing Information:

Bond Counsel: Jones Hall, A Professional Law Corporation
Underwriter: N/A
Credit Enhancement Provider: N/A
Private Placement Purchaser: Washington Mutual
TEFRA Hearing: April 10, 2007

Description of Proposed Project:

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

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
100% (99 units) restricted to 50% or less of area median income households;

Unit Mix: Studio, 1, 2, and 3 bedrooms

Term of Restrictions: 55 years

Estimated Total Development Cost:	\$34,052,435
Estimated Hard Costs per Unit:	\$ 257,356 (\$25,478,208/99 units)
Estimated per Unit Cost:	\$ 343,964 (\$34,052,435/99 units)
Allocation per Unit:	\$ 292,929 (\$28,205,000/99 units)
Allocation per Restricted Rental Unit:	\$ 292,929 (\$28,205,000/99 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$28,205,000	\$ 4,600,000
Developer Equity	\$ 958,652	\$ 958,293
LIH Tax Credit Equity	\$ 1,671,759	\$15,795,917
Direct & Indirect Public Funds	\$ 1,765,000	\$11,246,201
Other	<u>\$ 1,452,024</u>	<u>\$ 1,452,024</u>
Total Sources	\$34,052,435	\$34,052,435

Uses of Funds:	
Land Purchase	\$ 1
On-Site & Off-Site Costs	\$ 2,713,675
Hard Construction Costs	\$22,764,533
Architect & Engineering Fees	\$ 714,241
Contractor Overhead & Profit	\$ 1,241,039
Developer Fee	\$ 2,500,000
Cost of Issuance	\$ 225,621
Capitalized Interest	\$ 1,921,447
Other Soft Costs	<u>\$ 1,971,878</u>
Total Uses	\$34,052,435

This is the Developer's (Artspace Projects Incorporated) first tax-exempt bond financed multifamily housing project in California. However, the Redevelopment Agency of the City of Santa Cruz has informed CDLAC staff that the City is committed to providing on-going assistance to the development of the project.

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: 92.5 out of 128
 [See Attachment #A]

Recommendation:

Staff recommends that the Committee approve \$28,205,000 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	15
Site Amenities	10	10	2.5
Service Amenities	10	10	0
Sustainable Building Methods	8	8	0
New Construction	10	10	10
Negative Points	NA	NA	0
Total Points	128	108	92.5

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.