

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
September 26, 2007
Executive Summary
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by Sarah Lester.

Applicant: Housing Authority of the County of Marin

Allocation Amount Requested: Tax-exempt \$9,500,000

Project Name: **Drakes Way Apartments**
Project Address: Drakes Way (new street to be built east of intersection of Larkspur Landing Circle and Lincoln Village Circle)
Project City, County, Zip Code: Larkspur, Marin, CA 94939

Project Sponsor Information:
Name: EAH, Inc. (Drakes Way Housing Partners, LP)
Principals: Alvin Bonnett, Peggy Franklin, Mary Murtaugh and Matthew Steinle

Project Financing Information:
Bond Counsel: Orrick, Herrington & Sutcliffe, LLP
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Private Placement Purchaser: Citibank North America, Inc. (Citibank)
TEFRA Hearing: August 7, 2007

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 23, plus 1 manager unit
Type: New Construction
Type of Units: Family (with 5 special needs units)

Description of Public Benefits:
Percent of Restricted Rental Units in the Project: 100%
100% (23 units) restricted to 50% or less of area median income households.
Unit Mix: (Studio, 1, 2, 3, bedrooms)

Term of Restrictions: 55 years

Estimated Total Development Cost:	\$12,339,717
Estimated Hard Costs per Unit:	\$ 350,315 (\$8,057,239/23 units)
Estimated per Unit Cost:	\$ 536,509 (\$12,339,717/23 units)
Allocation per Unit:	\$ 413,043 (\$9,500,000/23 units)
Allocation per Restricted Rental Unit:	\$ 413,043 (\$9,500,000/23 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: 1) the is Project located Marin County (high cost area); 2) Project consists of 24 units and the City has required townhouse-style construction rather than typical stacked multi-story buildings; 3) extremely difficult construction engineering challenges created by infill site; and 4) significant increase in construction costs.

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 9,500,000	\$ 1,040,000
Developer Equity	\$ 0	\$ 93,281
LIH Tax Credit Equity	\$ 0	\$ 4,808,606
Direct & Indirect Public Funds	\$ 2,691,896	\$ 6,223,512
Other (def. fee & accrued interest)	<u>\$ 0</u>	<u>\$ 174,318</u>
Total Sources	\$12,191,896	\$12,339,717

Uses of Funds:	
Land Purchase	\$ 18,566
On-Site & Off-Site Costs	\$ 2,137,094
Hard Construction Costs	\$ 5,740,145
Architect & Engineering Fees	\$ 1,348,332
Contractor Overhead & Profit	\$ 971,976
Developer Fee	\$ 626,035
Cost of Issuance	\$ 212,264
Capitalized Interest	\$ 559,720
Other Soft Costs (Marketing, etc.)	<u>\$ 545,585</u>
Total Uses	\$12,339,717

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 out of 128
[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$9,500,000 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	5
Service Amenities	10	10	10
Sustainable Building Methods	8	8	0
New Construction	10	10	10
Negative Points	NA	NA	0
Total Points	128	108	90

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.