

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 Brady Hill.

Applicant: City of San Jose

Allocation Amount Requested: Tax-exempt \$8,794,969

Project Name: **Curtner Studios**
Project Address: 701 Curtner Avenue
Project City, County, Zip Code: San Jose, Santa Clara, 95125

Project Sponsor Information:
Name: Curtner Studios, L.P. (Curtner Studios, LLC and Rincon de los Esteros, LP)
Principals: Jeff Oberdorfer, Gil Garcia, Richard Conniff, Ted Nakada, Dunia Noel, Gary Schoennauer, Norval Nelson, Mary Boughton

Project Financing Information:
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Underwriter: Not applicable
Credit Enhancement Provider: Not applicable
Private Placement Purchaser: California Bank & Trust
TEFRA Hearing: July 25, 2007

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 178, plus 1 manager unit
Type: Acquisition and Rehabilitation
Type of Units: Family, Special Needs

Description of Public Benefits:
Percent of Restricted Rental Units in the Project: 100%
76% (135 units) restricted to 50% or less of area median income households; and
24% (43 units) restricted to 60% or less of area median income households.
Unit Mix: Studio

Term of Restrictions: 55 years

Estimated Total Development Cost:	\$17,025,765
Estimated Hard Costs per Unit:	\$ 10,624 (\$1,891,135/178 units)
Estimated per Unit Cost:	\$ 95,650 (\$17,025,765/178 units)
Allocation per Unit:	\$ 49,410 (\$8,794,969/178 units)
Allocation per Restricted Rental Unit:	\$ 49,410 (\$8,794,969/178 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 8,794,969	\$ 5,394,969
Deferred Developer Fee	\$ 0	\$ 407,232
LIH Tax Credit Equity	\$ 690,226	\$ 4,202,651
Direct & Indirect Public Funds	\$ 6,292,845	\$ 6,792,845
Other	\$ 228,068	\$ 228,068
Total Sources	\$16,006,108	\$17,025,765

Uses of Funds:	
Acquisition Cost	\$12,600,000
On-Site & Off-Site Costs	\$ 75,000
Hard Construction Costs	\$ 1,816,135
Architect & Engineering Fees	\$ 130,000
Contractor Overhead & Profit	\$ 232,700
Developer Fee	\$ 1,200,000
Relocation	\$ 30,000
Cost of Issuance	\$ 265,328
Capitalized Interest	\$ 136,000
Other Soft Costs	\$ 540,000
Total Uses	\$17,025,765

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: 75.5 out of 128

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$8,794,969 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	0
Leveraging	10	10	10
Community Revitalization Area	15	15	0
Site Amenities	10	10	7.5
Service Amenities	10	10	5
Sustainable Building Methods	8	8	3
New Construction	10	10	0
Negative Points	NA	NA	NA
Total Points	128	108	75.5

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.