

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
December 5, 2007
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by Brady Hill .

Applicant: ABAG Finance Authority for Non-profit Corporations

Allocation Amount Requested: Tax-exempt \$97,500,000

Project Name: **Montague Residence Apartments**
Project Address: Montague Expressway (500 feet West of North First St.)
Project City, County, Zip Code: San Jose, Santa Clara, 95134

The proposed Project is located in a Community Revitalization area, more specifically in the Rincon De Los Esteros Redevelopment Area.

Project Sponsor Information:
Name: Legacy Montague Expressway, LLC
(Legacy Partners 2671, LLC)
Principals: C. Preston Butcher, W. Dean Henry, Jeffery K. Byrd,
Gary J. Rossi, Guy K. Hays, Jess A. Couch and
Robert A. Calleja

Project Financing Information:
Bond Counsel: Jones Hall, A Professional Law Corporation
Underwriter: Citi Corporate and Investment Banking
Credit Enhancement Provider: Not applicable
Private Placement Purchaser: Goldman, Sachs & Co.
TEFRA Hearing: August 14, 2007

Description of Proposed Project:
State Ceiling Pool: Mixed Income
Total Number of Units: 244, plus 1 manager unit
Type: New Construction
Type of Units: Family

Description of Public Benefits:
Percent of Restricted Rental Units in the Project: 20%
20% (49 units) restricted to 50% or less of area median income households
Unit Mix: 1, 2 and 3 bedrooms

Term of Restrictions: 55 years

Estimated Total Development Cost:	\$108,250,000
Estimated Hard Costs per Unit:	\$ 257,001 (\$62,708,200/244 units)
Estimated per Unit Cost:	\$ 443,648 (\$108,250,000/244 units)
Allocation per Unit:	\$ 399,590 (\$97,500,000/244 units)
Allocation per Restricted Rental Unit:	\$ 1,989,796 (\$97,500,000/49 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 97,500,000	\$ 97,500,000
Developer Equity	<u>\$ 10,750,000</u>	<u>\$ 10,750,000</u>
Total Sources	\$108,250,000	\$108,250,000

Uses of Funds:	
Land Purchase	\$ 19,936,000
On-Site & Off-Site Costs	\$ 4,131,000
Hard Construction Costs	\$ 58,577,200
Architect & Engineering Fees	\$ 1,680,000
Contractor Overhead & Profit	\$ 2,760,000
Developer Fee	\$ 4,410,000
Cost of Issuance	\$ 1,460,000
Capitalized Interest	\$ 4,025,800
Other Soft Costs	<u>\$ 11,270,000</u>
Total Uses	\$108,250,000

The Project Sponsor has requested an exception to the \$30 million cap per project imposed by Section 17.IV of the CDLAC Procedures on the basis that the project cannot be developed in phases at a \$30 million level. In accordance with Section 17.IV.B, the Executive Director is recommending that the Committee approve the exception as requested.

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: 59 out of 108
[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$97,500,000 in tax-exempt bond allocation on a carryforward basis.

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	6
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	0
Community Revitalization Area	15	15	10
Site Amenities	10	10	10
Service Amenities	10	10	5
Sustainable Building Methods	8	8	3
New Construction	10	10	10
Negative Points	NA	NA	NA
Total Points	128	108	59

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.