

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 Richard Fischer.

Applicant: California Statewide Communities Development Authority

Allocation Amount Requested: Tax-exempt \$9,750,000

Project Name: David Avenue Apartments
Project Address: 3040, 3068 & 3080 David Avenue
Project City, County, Zip Code: San Jose, Santa Clara, 95128

The proposed Project is located in a Community Revitalization Area, more specifically in Winchester Strong Neighborhoods Initiative Project Area.

Project Sponsor Information:

Name: David Avenue SJC, L.P. (David Avenue SJC -MGP, LLC [Affordable Housing Access, Inc.] and David Avenue SJC, CO-GP LLC [KDF Communities])
Principals: Jonathan B. Webb and William W. Hirsch for David Avenue SJC -MGP, LLC; Mark E. Hyatt, Fruchbom Investment Trust, Fruchbom Trust, Chris M. Burns, Yellow Branch Investments, Inc., California Venture Management Services, Inc., JC Wartell Nongrantor Trust, RT Harper Nongrantor Trust, Wartell Children Nongrantor Trust and RK Leach Investments, Inc. for David Avenue SJC, CO-GP LLC.

Project Financing Information:

Bond Counsel: Jones Hall, A Professional Law Corporation
Underwriter: Not Applicable
Credit Enhancement Provider: Centerline Capital Group, Freddie Mac
TEFRA Hearing: October 31, 2007

Description of Proposed Project:

State Ceiling Pool: General
Total Number of Units: 65, plus 1 manager unit
Type: Acquisition and Rehabilitation
Type of Units: Family

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
10% (7 units) restricted to 50% or less of area median income households; and
90% (58 units) restricted to 60% or less of area median income households.
Unit Mix: 1-, and 2- bedrooms

Term of Restrictions: 55 years

Estimated Total Development Cost:	\$12,314,572
Estimated Hard Costs per Unit:	\$ 23,542 (\$1,530,202/65 units)
Estimated per Unit Cost:	\$ 189,455 (\$12,314,572/65 units)
Allocation per Unit:	\$ 150,000 (\$9,750,000/65 units)
Allocation per Restricted Rental Unit:	\$ 150,000 (\$9,750,000/65 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 9,750,000	\$ 7,130,000
Developer Equity	\$ 87,066	\$ 87,066
Deferred Developer Fee	\$ 0	\$ 1,337,093
LIH Tax Credit Equity	\$ 938,556	\$ 3,760,413
Total Sources	\$10,775,622	\$12,314,572

Uses of Funds:	
Acquisition Cost	\$ 8,180,849
Hard Construction Costs	\$ 1,530,202
Architect & Engineering Fees	\$ 25,000
Contractor Overhead & Profit	\$ 131,160
Developer Fee	\$ 1,337,093
Cost of Issuance	\$ 505,228
Capitalized Interest	\$ 253,494
Other Soft Costs (Marketing, etc.)	\$ 351,546
Total Uses	\$12,314,572

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: 63 out of 128
 [See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$9,750,000 in tax-exempt bond allocation on a carryforward basis.

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	25
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]	0
Large Family Units	5	5	0
Leveraging	10	10	0
Community Revitalization Area	15	15	15
Site Amenities	10	10	10
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	63

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.