

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
January 23, 2008
Staff Report
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 \$28,000,000

Project Name: Fairgrounds Senior Apartments

Project Address: 520 Tully Road
Project City, County, Zip Code: San Jose, Santa Clara, 95111

Project Sponsor Information:

Name: Fairgrounds Senior Housing, L.P.
(Pinmore HDC Inc. and ROEM FG Senior, LLC
[ROEM Development Corporation])

Principals: Alex Sanchez, Mathew Steinle and Candace Capogrossi
for Pinmore HDC, Inc.; Robert Emami for ROEM
Development Corporation

Project Financing Information:

Bond Counsel: Hawkins, Delafield & Wood
Underwriter: Not applicable
Credit Enhancement Provider: Not applicable
Private Placement Purchaser: Hanmi Bank
TEFRA Hearing: December 11, 2007

Description of Proposed Project:

State Ceiling Pool: General
Total Number of Units: 199, plus 2 manager units
Type: New Construction
Type of Units: Senior

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
100% (199 units) restricted to 50% or less of area median income households.
Unit Mix: 1 bedroom

Term of Restrictions: 55 years

Estimated Total Development Cost:	\$49,181,252
Estimated Hard Costs per Unit:	\$ 156,872 (\$31,217,592/199 units)
Estimated per Unit Cost:	\$ 247,142 (\$49,181,252/199 units)
Allocation per Unit:	\$ 140,704 (\$28,000,000/199 units)
Allocation per Restricted Rental Unit:	\$ 140,704 (\$28,000,000/199 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$28,000,000	\$12,075,000
Deferred Developer Fee	\$ 1,785,000	\$ 381,956
LIH Tax Credit Equity	\$ 3,106,406	\$20,221,591
Direct & Indirect Public Funds	\$14,507,750	\$14,375,000
Lease Up Income	<u>\$ 1,782,096</u>	<u>\$ 2,127,705</u>
Total Sources	\$49,181,252	\$49,181,252

Uses of Funds:	
Land Purchase	\$ 20,000
On-Site & Off-Site Costs	\$ 3,489,271
Hard Construction Costs	\$27,728,321
Architect & Engineering Fees	\$ 1,882,000
Contractor Overhead & Profit	\$ 2,019,864
Developer Fee	\$ 2,500,000
Cost of Issuance	\$ 280,000
Capitalized Interest	\$ 4,604,663
Other Soft Costs	<u>\$ 6,657,133</u>
Total Uses	\$49,181,252

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: 90.5 out of 128
 [See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$28,000,000 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	0
Leveraging	10	10	10
Community Revitalization Area	15	15	0
Site Amenities	10	10	7.5
Service Amenities	10	10	10
Sustainable Building Methods	8	8	3
New Construction	10	10	10
Negative Points	NA	NA	NA
Total Points	128	108	90.5

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.