

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
March 26, 2008
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by Sarah Lester.

Applicant: ABAG Finance Authority for Nonprofit Corporations

Allocation Amount Requested: Tax-exempt \$4,500,000

Project Name: Reardon Heights Apartments
Project Address: 50 Reardon Road
Project City, County, Zip Code: San Francisco, San Francisco, 94124

The proposed project is located in a Community Revitalization Area, more specifically the Bay View Hunters Point Redevelopment Project Area.

Project Sponsor Information:

Name: Reardon Heights Associates, LP (Cabouchon Properties, LLC and Illuminant Housing and Development Corporation)
Principals: Stephen Matton and Scott Lefaver for Cabouchon Properties, LLC; Joe Skiffer, Wade Wood and Patrick Mulligan for Illuminant Housing and Development Corporation

Project Financing Information:

Bond Counsel: Jones Hall, A Professional Law Corporation
Underwriter: Citigroup Global Markets, Inc.
Credit Enhancement Provider: EF&A Funding, LLC / Fannie Mae
Private Placement Purchaser: Not Applicable
TEFRA Hearing: February 11, 2008

Description of Proposed Project:

State Ceiling Pool: General
Total Number of Units: 81, 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%
20% (17 units) restricted to 50% or less of area median income households; and
80% (64 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:	\$8,863,023
Estimated Hard Costs per Unit:	\$ 23,519 (\$1,905,000/81 units)
Estimated per Unit Cost:	\$ 109,420 (\$8,863,023/81 units)
Allocation per Unit:	\$ 55,556 (\$4,500,000/81 units)
Allocation per Restricted Rental Unit:	\$ 55,556 (\$4,500,000/81 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$4,500,000	\$4,500,000
Developer Equity	\$ 152,953	\$ 152,953
LIH Tax Credit Equity	\$2,910,070	\$2,910,070
Direct & Indirect Public Funds	<u>\$1,300,000</u>	<u>\$1,300,000</u>
Total Sources	\$8,863,023	\$8,863,023

Uses of Funds:	
Acquisition Cost	\$5,000,000
Hard Construction Costs	\$1,905,000
Contractor Overhead & Profit	\$ 309,000
Developer Fee	\$ 623,903
Cost of Issuance	\$ 532,000
Other Soft Costs	<u>\$ 493,120</u>
Total Uses	\$8,863,023

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: 80 out of 128
[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$4,500,000 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	30
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	15
Site Amenities	10	10	5
Service Amenities	10	10	5
Sustainable Building Methods	8	8	0
New Construction	10	10	0
Negative Points	NA	NA	0
Total Points	128	108	80

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.