

**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 Crystal Alvarez.*

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**Applicant:** California Statewide Communities Development Authority

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**Allocation Amount Requested:** Tax-exempt \$18,600,000

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**Project Name:** Charter Court Apartments  
**Project Address:** 1200 Ranchero Way  
**Project City, County, Zip Code:** San Jose, Santa Clara, 95117

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The proposed Project is located in a distressed community, more specifically the City of San Jose Consolidated Plan 2005-2010.

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**Project Sponsor Information:**  
**Name:** Charter Court SJC, L.P. (Charter Court SJC MGP, LLC and Charter Court SJC COGP, LLC)  
**Principals:** Jonathan B. Webb, William W. Hirsch, Mark E. Hyatt, Chris M. Burns and Heidi K. Bass

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**Project Financing Information:**  
**Bond Counsel:** Jones Hall, A Professional Law Corporation, LLP  
**Underwriter:** Centerline Capital Group  
**Credit Enhancement Provider:** Centerline Capital Group  
**Private Placement Purchaser:** Not Applicable  
**TEFRA Hearing:** January 23, 2008

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**Description of Proposed Project:**  
**State Ceiling Pool:** General  
**Total Number of Units:** 93, plus 1 manager unit  
**Type:** Acquisition and Rehabilitation  
**Type of Units:** Family

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**Description of Public Benefits:**  
**Percent of Restricted Rental Units in the Project: 100%**  
10% (10 units) restricted to 50% or less of area median income households; and  
90% (83 units) restricted to 60% or less of area median income households.  
**Unit Mix:** 1 and 2 bedrooms

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**Term of Restrictions:** 55 years

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|---|---|
| <b>Estimated Total Development Cost:</b>      | \$23,826,811                                  |
| <b>Estimated Hard Costs per Unit:</b>         | \$ 19,742 (\$1,835,993/93 units)              |
| <b>Estimated per Unit Cost:</b>               | \$ 256,202 (\$23,826,811/93 units)            |
| <b>Allocation per Unit:</b>                   | \$ 200,000 (\$18,600,000/93 units)            |
| <b>Allocation per Restricted Rental Unit:</b> | \$ 200,000 (\$18,600,000/93 restricted units) |

| <b>Sources of Funds:</b> | <u>Construction</u> | <u>Permanent</u>    |
|--------------------------|---------------------|---------------------|
| Tax-Exempt Bond Proceeds | \$18,600,000        | \$14,774,000        |
| Deferred Developer Fee   | \$ 0                | \$ 1,796,978        |
| LIH Tax Credit Equity    | <u>\$ 2,381,200</u> | <u>\$ 7,255,833</u> |
| Total Sources            | \$20,981,200        | \$23,826,811        |

| <b>Uses of Funds:</b>        |                   |
|------------------------------|-------------------|
| Land Purchase                | \$17,235,500      |
| Hard Construction Costs      | \$ 1,835,993      |
| Architect & Engineering Fees | \$ 35,000         |
| Contractor Overhead & Profit | \$ 157,371        |
| Developer Fee                | \$ 2,500,000      |
| Cost of Issuance             | \$ 675,204        |
| Capitalized Interest         | \$ 677,671        |
| Other Soft Costs             | <u>\$ 710,072</u> |
| Total Uses                   | \$23,826,811      |

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**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.

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**Total Points:** 64 out of 128  
[See Attachment A]

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**Recommendation:**

Staff recommends that the Committee approve \$18,600,000 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:<br>Non-Mixed Income Project<br>Mixed Income Project  | 35   | 15   | 26            |
| Gross Rents   | 5  | 5  | 5             |
| Exceeding Minimum Rent Restrictions<br>[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            |
| <b>Total Points</b>   | <b>128</b>   | <b>108</b>                                       | <b>64</b>     |

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.