

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: California Housing Finance Agency (CalHFA)

Allocation Amount Requested: Tax-exempt \$21,580,000

Project Name: Bay Avenue Senior Apartments
Project Address: 750 Bay Avenue
Project City, County, Zip Code: Capitola, Santa Cruz, 95010

Project Sponsor Information:

Name: Bay Avenue Senior Housing, LP (Bay Avenue Senior Housing, LLC)
Principals: Jeff Oberdorfer, Dick Conniff and Gil Garcia

Project Financing Information:

Bond Counsel: Orrick, Herrington & Sutcliffe, LLP
Underwriter: Merrill Lynch & Company
Credit Enhancement Provider: California Housing Finance Agency
Private Placement Purchaser: Not Applicable
TEFRA Hearing: February 20, 2008

Description of Proposed Project:

State Ceiling Pool: General
Total Number of Units: 108, plus 1 manager's unit
Type: Acquisition and Rehabilitation
Type of Units: Senior / Special Needs

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
95% (103 units) restricted to 50% or less of area median income households; and
5% (5 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:	\$28,121,252
Estimated Hard Costs per Unit:	\$ 128,304 (\$13,856,868/108 units)
Estimated per Unit Cost:	\$ 260,382 (\$28,121,252/108 units)
Allocation per Unit:	\$ 199,815 (\$21,580,000/108 units)
Allocation per Restricted Rental Unit:	\$ 199,815 (\$21,580,000/108 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$21,580,000	\$ 5,555,000
Developer Equity	\$ 0	\$ 854,139
LIH Tax Credit Equity	\$ 546,000	\$10,913,616
Direct & Indirect Public Funds	\$ 2,779,000	\$ 9,658,000
Other (Deferred Fee)	\$ 0	\$ 590,497
Other (Income from Operations)	<u>\$ 550,000</u>	<u>\$ 0</u>
Total Sources	\$25,455,000	\$28,121,252

Uses of Funds:	
Acquisition	\$ 6,265,284
On-Site & Off-Site Costs	\$ 1,535,301
Hard Construction Costs	\$12,321,567
Architect & Engineering Fees	\$ 685,000
Contractor Overhead & Profit	\$ 1,313,119
Developer Fee	\$ 2,555,000
Relocation	\$ 200,000
Capitalized Interest	\$ 1,517,111
Reserves	\$ 805,918
Other Soft Costs (Marketing, etc.)	<u>\$ 922,952</u>
Total Uses	\$28,121,252

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: 72.2 out of 128
[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$21,580,000 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]	4.2
Large Family Units	5	5	0
Leveraging	10	10	10
Community Revitalization Area	15	15	0
Site Amenities	10	10	5
Service Amenities	10	10	10
Sustainable Building Methods	8	8	3
New Construction	10	10	0
Negative Points	NA	NA	0
Total Points	128	108	72.2

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.