

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 Brady Hill.

Applicant: California Housing Finance Agency

Allocation Amount Requested: Tax-exempt \$5,700,000

Project Name: Villa Springs Apartments
Project Address: 22328-22230 South Garden Avenue
Project City, County, Zip Code: Hayward, Alameda, 94541

Project Sponsor Information:
Name: Villa Springs Apartments, L.P.
(Villa Springs LLC [Eden Housing, Inc.])
Principals: Timothy Reilly, John Gaffney, Calvin Whittaker,
William Vandeburgh and Linda Mandolini

Project Financing Information:
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Underwriter: Merrill Lynch & Co.
Credit Enhancement Provider: California Housing Finance Agency
Private Placement Purchaser: Not applicable
TEFRA Hearing: January 15, 2008

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%
31% (20 units) restricted to 50% or less of area median income households; and
69% (45 units) restricted to 60% or less of area median income households.
Unit Mix: 1, 2 and 3 bedrooms

Term of Restrictions: 55 years

Estimated Total Development Cost:	\$10,003,362
Estimated Hard Costs per Unit:	\$ 47,626 (\$3,095,665/65 units)
Estimated per Unit Cost:	\$ 153,898 (\$10,003,362/65 units)
Allocation per Unit:	\$ 87,692 (\$5,700,000/65 units)
Allocation per Restricted Rental Unit:	\$ 87,692 (\$5,700,000/65 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$5,700,000	\$ 3,100,000
Taxable Bond Proceeds	\$ 500,000	\$ 500,000
Developer Equity	\$ 0	\$ 380,793
LIH Tax Credit Equity	\$ 50,000	\$ 3,410,000
Direct & Indirect Public Funds	\$ 637,643	\$ 637,643
Seller Takeback	\$1,682,332	\$ 1,682,332
Other	<u>\$ 156,875</u>	<u>\$ 292,594</u>
Total Sources	\$8,726,850	\$10,003,362

Uses of Funds:	
Acquisition Cost	\$ 4,308,559
On-Site & Off-Site Costs	\$ 15,000
Hard Construction Costs	\$ 3,080,665
Architect & Engineering Fees	\$ 214,800
Contractor Overhead & Profit	\$ 157,989
Developer Fee	\$ 760,480
Relocation	\$ 150,000
Capitalized Interest	\$ 261,169
Other Soft Costs	<u>\$ 1,054,700</u>
Total Uses	\$10,003,362

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: 60.2 out of 128
[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$5,700,000 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	2.7
Community Revitalization Area	15	15	0
Site Amenities	10	10	7.5
Service Amenities	10	10	0
Sustainable Building Methods	8	8	0
New Construction	10	10	0
Negative Points	NA	NA	0
Total Points	128	108	60.2

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.