

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
May 28, 2008
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by Sarah Lester.

Applicant: Housing Authority of the City of San Buenaventura

Allocation Amount Requested: Tax-exempt \$3,100,000

Project Name: Soho Apartments
Project Address: 1150 N. Ventura Avenue
Project City, County, Zip Code: Ventura, Ventura, 93001

The proposed project is located in a Community Revitalization area more specifically the Westside Community Revitalization Area, which is a HUD designated Neighborhood Revitalization Strategy Area (NRSA)

Project Sponsor Information:

Name: Soho Associates, LP (Soho Housing, LLC
[Homecomings, Inc.])
Principals: Edward L. Moses and Loretta McCarthy

Project Financing Information:

Bond Counsel: Jones Hall, A Professional Law Corporation
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Private Placement Purchaser: Wells Fargo Bank, N.A.
TEFRA Hearing: January 28, 2008

Description of Proposed Project:

State Ceiling Pool: General
Total Number of Units: 12, no manager unit
Type: New Construction
Type of Units: Family

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
100% (12 units) restricted to 50% or less of area median income households.
Unit Mix: 2 and 3 bedrooms

Term of Restrictions: 55 years

Estimated Total Development Cost:	\$6,348,324
Estimated Hard Costs per Unit:	\$ 216,817 (\$2,601,804/12 units)
Estimated per Unit Cost:	\$ 510,224 (\$6,348,324/12 units)
Allocation per Unit:	\$ 258,333 (\$3,100,000/12 units)
Allocation per Restricted Rental Unit:	\$ 258,333 (\$3,100,000/12 restricted units)

The Project has total project costs that appear high for the geographic area in which it is located. According to the Project Sponsor, the high cost is due to:

- 1) High land costs, particularly in downtown Ventura (the site is an infill location in a very desirable part of the City which is experiencing a lot of development);
- 2) A ground level parking garage with residential units above is required to provide necessary parking;
- 3) At just 12 units, the project lacks any economy of scale that larger projects have (such as lumber, steel concrete, and fixtures cost more per unit when purchasing for a smaller project);
- 4) The infill nature of the site has driven up construction costs due to the logistics of building in such a tight, dense location; (duration of use of equipment due to construction staging, off-site storage for supplies, special permits);
- 5) The City of Ventura has required a higher level of exterior finishes and other City requirements; and
- 6) The site was designed and entitled as condos, which requires a higher standard for finish materials and fixtures as well as more costly construction standards for sound and other ownership concerns. It was determined that the additional costs associated with finishes and construction would be less than to re-entitle the project all together.

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$3,100,000	\$1,502,937
CalHFA Help Loan	\$ 800,000	\$ 0
Deferred Costs	\$ 610,349	\$ 0
Deferred Developer Fee	\$ 0	\$ 216,193
Direct & Indirect Public Funds	\$1,316,041	\$2,889,416
Other (NDC Corp Equity Fund)	<u>\$ 521,933</u>	<u>\$1,739,778</u>
Total Sources	\$6,348,323	\$6,348,324

Uses of Funds:	
Land Purchase	\$1,254,044
On-Site & Off-Site Costs	\$ 15,000
New Construction Costs	\$3,127,200
Architect & Engineering Fees	\$ 95,000
Contingency Costs	\$ 174,295
Construction Expenses	\$ 328,772
Loan Orig. Fees & Title and Recording	\$ 19,602
Legal Fees	\$ 120,000
Capitalized Reserves	\$ 394,157
Reports & Studies	\$ 26,200
Other Soft Costs	\$ 210,054
Developer Costs	<u>\$ 584,000</u>
Total Uses	\$6,348,324 (\$6,122,685 res. / \$225,639 comm.)

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: 118 out of 128
[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$3,100,000 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	5
Leveraging	10	10	10
Community Revitalization Area	15	15	15
Site Amenities	10	10	10
Service Amenities	10	10	10
Sustainable Building Methods	8	8	8
New Construction	10	10	10
Negative Points	NA	NA	0
Total Points	128	108	118

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.