

**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 Brady Hill.*

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**Applicant:** California Housing Finance Agency

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**Allocation Amount Requested:** Tax-exempt \$30,000,000

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**Project Name:** **Fourth Street Apartments**  
**Project Address:** 1470 North 4<sup>th</sup> Street  
**Project City, County, Zip Code:** San Jose, Santa Clara, 95112

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**Project Sponsor Information:**  
**Name:** Fourth Street Apartments, L.P.  
(Fourth Street Apartments, LLC and  
Rincon de Los Esteros)  
**Principals:** Jeff Oberdorfer and Dick Conniff

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**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:** April 21, 2008

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**Description of Proposed Project:**  
**State Ceiling Pool:** General  
**Total Number of Units:** 100, plus no manager unit  
**Type:** New Construction  
**Type of Units:** Family, Special Needs

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**Description of Public Benefits:**  
**Percent of Restricted Rental Units in the Project: 100%**  
75% (75 units) restricted to 50% or less of area median income households; and  
25% (25 units) restricted to 60% or less of area median income households.  
**Unit Mix:** 1, 2 and 3 bedrooms

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**Term of Restrictions:** 55 years

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<b>Estimated Total Development Cost:</b>	\$48,185,165
<b>Estimated Hard Costs per Unit:</b>	\$ 294,900 (\$29,400,000/100 units)
<b>Estimated per Unit Cost:</b>	\$ 481,852 (\$48,185,165/100 units)
<b>Allocation per Unit:</b>	\$ 300,000 (\$30,000,000/100 units)
<b>Allocation per Restricted Rental Unit:</b>	\$ 300,000 (\$30,000,000/100 restricted units)

<b>Sources of Funds:</b>	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$30,000,000	\$ 9,590,000
Taxable Bond Proceeds	\$ 3,965,000	\$ 0
Developer Equity	\$ 0	\$ 199,004
LIH Tax Credit Equity	\$ 735,000	\$17,017,754
Direct & Indirect Public Funds	<u>\$12,088,561</u>	<u>\$21,378,407</u>
Total Sources	\$46,788,561	\$48,185,165

<b>Uses of Funds:</b>	
Acquisition	\$ 2,744,684
New Construction or Rehabilitation	\$33,750,000
Architectural	\$ 2,000,000
Survey & Engineering	\$ 250,000
Contingency Costs	\$ 1,817,500
Construction Period Expenses	\$ 3,043,781
Permanent Financing Expenses	\$ 731,466
Legal Fees	\$ 75,000
Capitalized Reserves	\$ 264,822
Reports & Studies	\$ 50,000
Developer Costs	\$ 1,400,000
Other	<u>\$ 2,057,912</u>
Total Uses	\$48,185,165

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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:** 93.7 out of 128  
[See Attachment A]

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**Recommendation:**

Staff recommends that the Committee approve \$30,000,000 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]	8.2
Large Family Units	5	5	5
Leveraging	10	10	10
Community Revitalization Area	15	15	0
Site Amenities	10	10	7.5
Service Amenities	10	10	10
Sustainable Building Methods	8	8	3
New Construction	10	10	10
Negative Points	NA	NA	0
<b>Total Points</b>	<b>128</b>	<b>108</b>	<b>93.7</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.