

**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..*

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**Applicant:** California Housing Finance Agency

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**Allocation Amount Requested:** Tax-exempt \$4,620,000

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**Project Name:** Mission Gardens Apartments  
**Project Address:** 90 Grandview Street  
**Project City, County, Zip Code:** Santa Cruz, Santa Cruz, 95060

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**Project Sponsor Information:**  
**Name:** Mission Gardens Affordable, OP (Mission Gardens AGP, LP and Las Palmas Housing and Development)  
**Principals:** Gary Carpenter, Joseph M. Michaels and Ken Reiner

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**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:** April 21, 2008

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**Description of Proposed Project:**  
**State Ceiling Pool:** General  
**Total Number of Units:** 49, plus 1 manager's 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%**  
31% (15 units) restricted to 50% or less of area median income households; and  
69% (34 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>	\$8,645,278
<b>Estimated Hard Costs per Unit:</b>	\$ 21,554 (\$1,056,127/49 units)
<b>Estimated per Unit Cost:</b>	\$ 176,434 (\$8,465,278/49 units)
<b>Allocation per Unit:</b>	\$ 94,286 (\$4,620,000/49 units)
<b>Allocation per Restricted Rental Unit:</b>	\$ 94,286 (\$4,620,000/49 restricted units)

<b>Sources of Funds:</b>	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$4,620,000	\$4,620,000
City of Santa Cruz Loan	\$1,000,000	\$1,500,000
Purchase Reserves	\$ 127,836	\$ 127,836
Deferred Developer Fee	\$ 191,205	\$ 191,205
Cash Flow	\$ 71,613	\$ 73,613
Equity Investor	<u>\$1,919,361</u>	<u>\$2,132,624</u>
Total Sources	\$7,932,015	\$8,645,278

<b>Uses of Funds:</b>	
Acquisition	\$5,672,500
Relocation	\$ 50,000
Rehabilitation	\$1,229,122
Architectural	\$ 40,000
Contingency Costs	\$ 141,455
Construction Period Expenses	\$ 100,624
Permanent Financing Expenses	\$ 15,425
Legal Fees	\$ 75,000
Capitalized Reserves	\$ 231,000
Reports & Studies	\$ 35,500
Developer Costs	\$ 899,043
Other	<u>\$ 155,609</u>
Total Uses	\$8,645,278

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

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**Recommendation:**

Staff recommends that the Committee approve \$4,620,000 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	0
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	10
Community Revitalization Area	15	15	0
Site Amenities	10	10	7.5
Service Amenities	10	10	10
Sustainable Building Methods	8	8	0
New Construction	10	10	0
Negative Points	NA	NA	0
<b>Total Points</b>	<b>128</b>	<b>108</b>	<b>72.5</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.