

**THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**  
**July 16, 2008**  
**Staff Report**  
**REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A**  
**QUALIFIED RESIDENTIAL RENTAL PROJECT**

*Prepared by Richard C. Fischer .*

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**Applicant:** ABAG Finance Authority for Nonprofit Corporations

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**Allocation Amount Requested:** Tax-exempt \$7,600,000

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**Project Name:** Terracina at Elk Grove  
**Project Address:** 9440 West Stockton Boulevard  
**Project City, County, Zip Code:** Elk Grove, Sacramento, 95758

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**Project Sponsor Information:**  
**Name:** Terracina Elk Grove, L.P. (USA Elk Grove, Inc. and Riverside Charitable Corporation)  
**Principals:** Geoffrey C. Brown, Edward R. Herzog, Michael J. McCleery and Karen McCurdy for USA Elk Grove, Inc.; Kenneth S. Robertson, Penny M. LaRue, Trisha Hockings and Stewart Hall for Riverside Charitable Corporation.

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**Project Financing Information:**  
**Bond Counsel:** Jones Hall, A Professional Law Corporation  
**Credit Enhancement Provider:** Not applicable  
**Private Placement Purchaser:** Wells Fargo, N.A.  
**TEFRA Hearing:** June 11, 2008

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**Description of Proposed Project:**  
**State Ceiling Pool:** General  
**Total Number of Units:** 122, plus 2 manager units  
**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%**  
29% (35 units) restricted to 50% or less of area median income households; and  
71% (87 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>      | \$14,364,455                                 |
| <b>Estimated Hard Costs per Unit:</b>         | \$ 17,279 (\$2,108,000/122 units)            |
| <b>Estimated per Unit Cost:</b>               | \$ 117,741 (\$14,364,455/122 units)          |
| <b>Allocation per Unit:</b>                   | \$ 62,295 (\$7,600,000/122 units)            |
| <b>Allocation per Restricted Rental Unit:</b> | \$ 62,295 (\$7,600,000/122 restricted units) |

| <b>Sources of Funds:</b>       | <u>Construction</u> | <u>Permanent</u>    |
|--------------------------------|---------------------|---------------------|
| Tax-Exempt Bond Proceeds       | \$ 7,600,000        | \$ 5,670,000        |
| Developer Note                 | \$ 0                | \$ 674,309          |
| Deferred Costs                 | \$ 1,507,090        | \$ 0                |
| LIH Tax Credit Equity          | \$ 1,117,529        | \$ 3,880,310        |
| Seller Carry-back Note         | \$ 494,172          | \$ 494,172          |
| Direct & Indirect Public Funds | <u>\$ 3,645,664</u> | <u>\$ 3,645,664</u> |
| Total Sources                  | \$14,364,455        | \$14,364,455        |

| <b>Uses of Funds:</b>              |                     |
|------------------------------------|---------------------|
| Acquisition Cost                   | \$ 8,240,000        |
| Hard Construction Costs            | \$ 2,108,000        |
| Architect & Engineering Fees       | \$ 50,000           |
| Contractor Overhead & Profit       | \$ 324,632          |
| Developer Fee                      | \$ 1,767,359        |
| Relocation                         | \$ 120,900          |
| Cost of Issuance                   | \$ 160,000          |
| Capitalized Interest               | \$ 342,000          |
| Other Soft Costs (Marketing, etc.) | <u>\$ 1,251,564</u> |
| Total Uses                         | \$14,364,455        |

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

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**Recommendation:**

Staff recommends that the Committee approve \$7,600,000 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:<br>Non-Mixed Income Project<br>Mixed Income Project  | 35   | 15   | 34            |
| Gross Rents   | 5  | 5  | 0             |
| Exceeding Minimum Rent Restrictions<br>[Allowed if 10 pts not awarded above in Federally Assisted At-Risk Project or HOPE VI Project] | [10]   | [10]   | 4.8           |
| Exceeding Minimum Term of Restrictions  | 10   | 10   | 10            |
| Large Family Units  | 5  | 5  | 5             |
| Leveraging  | 10   | 10   | 10            |
| Community Revitalization Area   | 15   | 15   | 0             |
| Site Amenities  | 10   | 10   | 10            |
| Service Amenities   | 10   | 10   | 10            |
| Sustainable Building Methods  | 8  | 8  | 0             |
| New Construction  | 10   | 10   | 0             |
| Negative Points   | NA   | NA   | NA            |
| <b>Total Points</b>   | <b>148</b>   | <b>128</b>                                       | <b>83.8</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.