

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 Crystal Alvarez

Applicant: California Statewide Communities Development Authority

Allocation Amount Requested: Tax-exempt \$2,450,000

Project Name: Valley Commons Apartments
Project Address: 1444 Segsworth Way
Project City, County, Zip Code: Grass Valley, Nevada, 95945

Project Sponsor Information:
Name: Star-Valley Commons, L.P. (Star-Valley Commons G/P, LLC and Star Equities, LLC)
Principals: Michael K. Moore

Project Financing Information:
Bond Counsel: Jones Hall, a Professional Law Corporation, LLP
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Private Placement Purchaser: U.S. Bank National Association
TEFRA Hearing: May 27, 2008

Description of Proposed Project:
State Ceiling Pool: Rural
Total Number of Units: 47, plus 1 manager unit
Type: Acquisition and Rehabilitation
Type of Units: Family / Federally Assisted At-Risk

Description of Public Benefits:
Percent of Restricted Rental Units in the Project: 100%
34% (16 units) restricted to 50% or less of area median income households; and
66% (31 units) restricted to 60% or less of area median income households.
Unit Mix: 1 and 2 bedrooms

Term of Restrictions: 55 years

| | | |
|---|-------------|------------------------------------|
| Estimated Total Development Cost: | \$4,541,669 | |
| Estimated Hard Costs per Unit: | \$15,319 (| \$720,000 / 47 units) |
| Estimated per Unit Cost: | \$96,631 (| \$4,541,669 / 47 units) |
| Allocation per Unit: | \$52,127 (| \$2,450,000 / 47 units) |
| Allocation per Restricted Rental Unit: | \$52,127 (| \$2,450,000 / 47 restricted units) |

| Sources of Funds: | <u>Construction</u> | <u>Permanent</u> |
|--------------------------------|---------------------|------------------|
| Tax-Exempt Bond Proceeds | \$2,450,000 | \$1,600,000 |
| Developer Equity | \$40,345 | \$40,345 |
| LIH Tax Credit Equity | \$345,985 | \$1,195,985 |
| RD Reserves | \$98,167 | \$98,167 |
| Direct & Indirect Public Funds | \$1,607,172 | \$1,607,172 |
| Total Sources | \$4,541,669 | \$4,541,669 |

| Uses of Funds: | |
|------------------------------|-------------|
| Acquisition Cost | \$2,421,000 |
| Hard Construction Costs | \$720,000 |
| Architect & Engineering Fees | \$66,600 |
| Contractor Overhead & Profit | \$183,780 |
| Developer Fee | \$492,327 |
| Cost of Issuance | \$179,695 |
| Other Soft Costs | \$478,267 |
| Total Uses | \$4,541,669 |

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: 87.5 out of 138
[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$2,450,000 in tax-exempt bond allocation.

ATTACHMENT A

EVALUATION SCORING:

| | Projects | Mixed Income Projects | |
|--|------------|-----------------------|-------------|
| Federally Assisted At-Risk Project or HOPE VI Project | 20 | 20 | 20 |
| Exceeding Minimum Income Restrictions: Non-Mixed Income Project | 35 | 15 | 35 |
| Mixed Income Project | | | |
| 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 | 0 |
| Exceeding Minimum Term of Restrictions | 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 | 0 |
| Sustainable Building Methods | 8 | 8 | 0 |
| New Construction | 10 | 10 | 0 |
| Negative Points | NA | NA | 0 |
| Total Points | 138 | 118 | 87.5 |

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.