

**THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE****September 24, 2008****Staff Report****REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A  
QUALIFIED RESIDENTIAL RENTAL PROJECT***Prepared by: Crystal Alvarez***Applicant:** California Housing Finance Agency**Allocation Amount Requested:** **Tax-exempt:** \$5,950,000  
**Taxable-debt:** \$1,000,000**Project Information:****Name:** Montecito Village Apartments  
**Project Address:** 1464 Montecito Road  
**Project City, County, Zip Code:** Ramona, San Diego 92065

The proposed Project is located in a Community Revitalization area, more specifically in the Community Development Block Grant Neighborhood Revitalization Area.

**Project Sponsor Information:****Name:** Montecito Village Affordable, L.P. ( Montecito Village AGP, L.P  
and Las Palmas Housing and Development Corporation)  
**Principals:** Ken Reiner and Joseph M. Michaels**Project Financing Information:****Bond Counsel:** Orrick, Herrington & Sutcliffe LLP  
**Underwriter:** Merrill Lynch & Co., Inc.  
**Credit Enhancement Provider:** California Housing Finance Agency  
**Private Placement Purchaser:** N/A  
**TEFRA Hearing:** April 21, 2008**Description of Proposed Project:****State Ceiling Pool:** General  
**Total Number of Units:** 69, plus 1 manager's unit  
**Type:** Acquisition and Rehabilitation  
**Type of Units:** Family/Federally At-Risk**Description of Public Benefits:****Percent of Restricted Rental Units in the Project:** 100%  
30% (21 units) restricted to 50% or less of area median income households.  
70% (48 units) restricted to 60% or less of area median income households.  
**Unit Mix:** 1, 2, 3 and 4 bedrooms**Term of Restrictions:** 55 years

|   |              |                                     |
|---|--------------|-------------------------------------|
| <b>Estimated Total Development Cost:</b>      | \$10,741,070 |                                     |
| <b>Estimated Hard Costs per Unit:</b>         | \$26,135     | (\$1,803,300 / 69 units)            |
| <b>Estimated per Unit Cost:</b>               | \$155,668    | (\$10,741,070 / 69 units)           |
| <b>Allocation per Unit:</b>                   | \$86,232     | (\$5,950,000 / 69 units)            |
| <b>Allocation per Restricted Rental Unit:</b> | \$86,232     | (\$5,950,000 / 69 restricted units) |

| <b>Sources of Funds:</b> | <u>Construction</u> | <u>Permanent</u>     |
|--------------------------|---------------------|----------------------|
| Tax-Exempt Bond Proceeds | \$ 5,950,000        | \$ 5,950,000         |
| Taxable Bond Proceeds    | \$ 1,000,000        | \$ 1,000,000         |
| Deferred Developer Fee   | \$ 133,296          | \$ 496,378           |
| LIH Tax Credit Equity    | \$ 2,449,496        | \$ 3,061,870         |
| Purchase Reserves        | \$ 183,072          | \$ 183,072           |
| Cash Flow                | \$ 49,750           | \$ 49,750            |
| <b>Total Sources</b>     | <b>\$ 9,765,614</b> | <b>\$ 10,741,070</b> |

| <b>Uses of Funds:</b>        |                      |
|------------------------------|----------------------|
| Acquisition Costs            | \$ 6,015,000         |
| Rehabilitation Costs         | \$ 2,126,373         |
| Relocation                   | \$ 72,500            |
| Architectural                | \$ 40,000            |
| Survey & Engineering         | \$ 21,000            |
| Contingency Costs            | \$ 230,473           |
| Construction Period Expenses | \$ 119,250           |
| Permanent Financing Expenses | \$ 111,640           |
| Legal Fees                   | \$ 75,000            |
| Capitalized Reserves         | \$ 425,484           |
| Reports & Studies            | \$ 38,200            |
| Other                        | \$ 161,903           |
| <b>Development Costs</b>     | <b>\$ 1,304,247</b>  |
| <b>Total Uses</b>            | <b>\$ 10,741,070</b> |

**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:** 98 out of 138

[See Attachment A]

**Recommendation:**

Staff recommends that the Committee approve \$5,950,000 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   | 10            |
| Exceeding Minimum Income Restrictions:<br>Non-Mixed Income Project<br>Mixed Income Project  | 35   | 15   | 35            |
| Exceeding Minimum Rent Restrictions<br>[Allowed if 10 pts not awarded above in Federally Assisted At-Risk Project or HOPE VI Project] | [10]   | [10]   | 0             |
| Gross Rents   | 5  | 5  | 5             |
| Large Family Units  | 5  | 5  | 5             |
| Leveraging  | 10   | 10   | 5             |
| Exceeding Minimum Term of Restrictions  | 10   | 10   | 10            |
| Community Revitalization Area   | 15   | 15   | 10            |
| Site Amenities  | 10   | 10   | 5             |
| Service Amenities   | 10   | 10   | 10            |
| New Construction  | 10   | 10   | 0             |
| Sustainable Building Methods  | 8  | 8  | 3             |
| Negative Points   | -10  | -10  | 0             |
| <b>Total Points</b>   | <b>138</b>   | <b>118</b>                                       | <b>98</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.