

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
December 3, 2008
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by Brady Hill.

Applicant: California Housing Finance Agency

Allocation Amount Requested: Tax-exempt \$30,000,000
PROJECT ORIGINALLY RECEIVED ALLOCATION ON MAY 28, 2008. APPLICANT REQUESTED AWARD BE DEFERRED TO DECEMBER 3 ALLOCATION MEETING.

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

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

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

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

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

Term of Restrictions: 55 years

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

Sources of Funds:	<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

Uses of Funds:	
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

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: 103.7 out of 128
[See Attachment A]

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
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	7.5
Service Amenities	10	10	10
Sustainable Building Methods	8	8	3
New Construction	10	10	10
Negative Points	NA	NA	0
Total Points	128	108	103.7

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.