

**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: Sarah Lester*

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**Applicant:** California Statewide Communities Development Authority

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**Allocation Amount Requested:** Tax-exempt: \$4,800,000

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**PROJECT ORIGINALLY RECEIVED ALLOCATION ON SEPTEMBER 24, 2008. APPLICANT REQUESTED AWARD BE DEFERRED TO DECEMBER 3 ALLOCATION MEETING.**

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**Project Information:**

**Name:** The Crossings at Morgan Hill Apartments  
**Project Address:** 170 Wright Avenue  
**Project City, County, Zip Code:** Morgan Hill, Santa Clara, 95037

The proposed Project is located in a Community Revitalization area, more specifically in the Ojo De Agua Redevelopment Project Area.

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**Project Sponsor Information:**

**Name:** UHC 00381 Morgan Hill, LP (Heritage Community Housing, Inc. and UHC 00381 Morgan Hill Holdings, LLC)  
**Principals:** Cesar Delgado, Maricela Duneheew and Leah Pari for Heritage Community Housing, Inc.; John F. Bigley, David H. Bigley and Douglas R. Bigley for UHC 00381 Morgan Hill Holdings, LLC

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**Project Financing Information:**

**Bond Counsel:** Orrick, Herrington & Sutcliffe LLP  
**Underwriter:** Not Applicable  
**Credit Enhancement Provider:** Not Applicable  
**Private Placement Purchaser:** US Bank National Association  
**TEFRA Hearing:** June 4, 2008

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**Description of Proposed Project:**

**State Ceiling Pool:** General  
**Total Number of Units:** 24, 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%  
100% (24 units) restricted to 50% or less of area median income households.  
0% (0 units) restricted to 60% or less of area median income households.  
**Unit Mix:** 3 bedrooms

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**Term of Restrictions:** 55 years

<b>Estimated Total Development Cost:</b>	\$8,600,000	
<b>Estimated Hard Costs per Unit:</b>	\$52,700	(\$1,264,800 / 24 units)
<b>Estimated per Unit Cost:</b>	\$358,333	(\$8,600,000 / 24 units)
<b>Allocation per Unit:</b>	\$200,000	(\$4,800,000 / 24 units)
<b>Allocation per Restricted Rental Unit:</b>	\$200,000	(\$4,800,000 / 24 restricted units)

<b>Sources of Funds:</b>	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 4,800,000	\$ 1,061,917
Taxable Bond Proceeds	\$ 0	\$ 0
Deferred Developer Fee	\$ 701,078	\$ 275,652
LIH Tax Credit Equity	\$ 648,922	\$ 2,731,319
Direct & Indirect Public Funds	\$ 2,450,000	\$ 4,531,112
Other	\$ 0	\$ 0
<b>Total Sources</b>	<b>\$ 8,600,000</b>	<b>\$ 8,600,000</b>

<b>Uses of Funds:</b>	
Acquisition Costs	\$ 4,610,000
On & Off Site Costs	\$ 170,000
Hard Construction Costs	\$ 1,094,800
Architect & Engineering Fees	\$ 76,000
Contractor Overhead & Profit	\$ 148,800
Developer Fee	\$ 701,078
Relocation	\$ 350,000
Cost of Issuance	\$ 275,787
Capitalized Interest	\$ 512,119
Other Soft Costs	\$ 661,416
<b>Total Uses</b>	<b>\$ 8,600,000</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:** 86.1 out of 138

[See Attachment A]

**Recommendation:**

Staff recommends that the Committee approve \$4,800,000 in tax exempt bond allocation on a carryforward basis.

**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
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Federally Assisted At-Risk Project or HOPE VI Project]	[10]	[10]	6.1
Gross Rents	5	5	0
Large Family Units	5	5	5
Leveraging	10	10	10
Exceeding Minimum Term of Restrictions	10	10	10
Community Revitalization Area	15	15	10
Site Amenities	10	10	10
Service Amenities	10	10	0
New Construction	10	10	0
Sustainable Building Methods	8	8	0
Negative Points	-10	-10	0
<b>Total Points</b>	<b>128</b>	<b>108</b>	<b>86.1</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.