

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
December 3, 2008
Staff Report
2008 HOUSING ACT VOLUME CAP (H.R. 3221)
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: John Weir

Applicant: California Statewide Communities Development Authority

Allocation Amount Requested: **Tax-exempt:** \$4,215,000

Project Information:

Name: Shannon Bay Apartments
Project Address: 5757 Shannon Bay Drive
Project City, County, Zip Code: Rocklin, Placer, 95677

Project Sponsor Information:

Name: Hannon Bay LLC (Highland Property Development LLC)
Principals: Douglas B. Day, Gary P. Downs, Kristoffer J. Kaufmann, and William E. Rice.

Project Financing Information:

Bond Counsel: Jones Hall, A Professional Law Corporation
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Private Placement Purchaser: Washington Mutual Bank, FA
TEFRA Hearing: August 12th, 2008

Description of Proposed Project:

State Ceiling Pool: Rural
Total Number of Units: 49, plus 1 manager's 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%
33% (16 units) restricted to 50% or less of area median income households.
67% (33 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:	\$8,199,394	
Estimated Hard Costs per Unit:	\$39,243	(\$1,922,885 / 49 units)
Estimated per Unit Cost:	\$167,335	(\$8,199,394 / 49 units)
Allocation per Unit:	\$86,020	(\$4,215,000 / 49 units)
Allocation per Restricted Rental Unit:	\$86,020	(\$4,215,000 / 49 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 4,215,000	\$ 3,950,000
Developer Equity	\$ 0	\$ 270,462
LIH Tax Credit Equity	\$ 1,476,695	\$ 2,271,839
Direct & Indirect Public Funds	\$ 1,707,093	\$ 1,707,093
Total Sources	\$ 7,398,788	\$ 8,199,394

Uses of Funds:	
Acquisition Costs	\$ 4,010,000
On & Off Site Costs	\$ 162,500
Hard Construction Costs	\$ 1,760,385
Architect & Engineering Fees	\$ 50,000
Contractor Overhead & Profit	\$ 246,454
Developer Fee	\$ 884,540
Relocation	\$ 10,000
Cost of Issuance	\$ 78,414
Capitalized Interest	\$ 32,500
Other Soft Costs	\$ 964,601
Total Uses	\$ 8,199,394

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: 75 out of 138

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$4,215,000 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	10
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]	0
Gross Rents	5	5	5
Large Family Units	5	5	0
Leveraging	10	10	10
Exceeding Minimum Term of Restrictions	10	10	10
Community Revitalization Area	15	15	0
Site Amenities	10	10	5
Service Amenities	10	10	0
New Construction	10	10	0
Sustainable Building Methods	8	8	0
Negative Points	-10	-10	0
Total Points	138	118	75

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.