

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
January 28, 2009
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Sarah Lester

Applicant: Housing Authority of the City of Oakland

Allocation Amount Requested: Tax-exempt: \$5,000,000

Project Information:

Name: Tassafaronga Village Apartments (Phase II)
Project Address: 1001 83rd Avenue (Parcel address: 968 81st Avenue)
Project City, County, Zip Code: Oakland, Alameda, 94621

The proposed Project is located in a Community Revitalization area, more specifically in the Oakland Enterprise Zone / Coliseum Redevelopment Project Area .

Project Sponsor Information:

Name: Tassafaronga Partners II, LP (Housing Authority of the City of Oakland and Tassafaronga Housing Corporation)
Principals: Jon Gresley, Philip J. Neville and Stephen Knight for both the Housing Authority of the City of Oakland and Tassafaronga Housing Corporation

Project Financing Information:

Bond Counsel: Ballard Spahr Andrews & Ingersoll, LLP
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Private Placement Purchaser: Citicorp Municipal Mortgage, Inc.
TEFRA Hearing: August 12, 2008

Description of Proposed Project:

State Ceiling Pool: General
Total Number of Units: 19, plus 1 manager's unit
Type: New Construction
Type of Units: Family/Special Needs

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
100% (19 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: Studio and 2 bedrooms

Term of Restrictions: 55 years

Estimated Total Development Cost:	\$8,271,881	
Estimated Hard Costs per Unit:	\$279,943	(\$5,318,922 / 19 units)
Estimated per Unit Cost:	\$435,362	(\$8,271,881 / 19 units)
Allocation per Unit:	\$263,158	(\$5,000,000 / 19 units)
Allocation per Restricted Rental Unit:	\$263,158	(\$5,000,000 / 19 restricted units)

The Project has total project costs that appear high for the geographic area in which it is located. According to the Project Sponsor, the high cost is due to 1) Legal Costs associated with complying with the federal, US Dept. of HUD as a public agency; 2) Planning costs (rezoning); 3) The project only has 20 units (small project); 4) Heating system costs; 5) High construction costs of converting an non-housing existing building; 6) High Bay Area construction costs; 7) Prevailing wages; and 8) The Project must comply with the new National Pollutant Discharge Elimination System Stormwater Requirements.

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 5,000,000	\$ 549,000
CalHFA Help Loan	\$ 500,000	\$ 500,000
OHA Loan	\$ 1,127,224	\$ 2,461,194
MHP Loan	\$ 0	\$ 2,725,055
Equity Investor	\$ 1,323,811	\$ 2,036,632
Total Sources	\$ 7,951,035	\$ 8,271,881

Uses of Funds:	
Acquisition Costs	\$ 0
New Construction Costs	\$ 5,318,922
Architectural	\$ 450,651
Survey & Engineering	\$ 6,059
Contingency Costs	\$ 296,359
Construction Period Expenses	\$ 407,833
Permanent Financing Expenses	\$ 15,000
Legal Fees	\$ 144,793
Capitalized Reserves	\$ 241,024
Reports & Studies	\$ 81,538
Other	\$ 287,223
Development Costs	\$ 1,022,479
Total Uses	\$ 8,271,881

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: 122 out of 128

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$5,000,000 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
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Federally Assisted At-Risk Project or HOPE VI Project]	[10]	[10]	10
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	15
Site Amenities	10	10	10
Service Amenities	10	10	10
New Construction	10	10	10
Sustainable Building Methods	8	8	7
Negative Points	-10	-10	0
Total Points	128	108	122

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.