

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
March 25, 2009
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: *Sarah Lester*

Applicant: California Municipal Finance Authority

Allocation Amount Requested:

Tax-exempt: \$14,100,511
Taxable-debt: N/A

Project Information:

Name: Windsor Redwoods Apartments
Project Address: 6065 Old Redwood Highway
(future address: 100 Kendall Way)
Project City, County, Zip Code: Santa Rosa, Sonoma, 95403

Project Sponsor Information:

Name: Windsor Redwoods, LP (Burbank Housing Development Corporation)
Principals: John Lowry and Chuck Cornell

Project Financing Information:

Bond Counsel: Jones Hall, A Professional Law Corporation
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Private Placement Purchaser: US Bank National Association
TEFRA Hearing: November 19, 2008

Description of Proposed Project:

State Ceiling Pool: Rural
Total Number of Units: 64, plus 1 manager unit
Type: New Construction
Type of Units: Family / 5 Special Needs Units

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
81% (52 units) restricted to 50% or less of area median income households.
19% (12 units) restricted to 60% or less of area median income households.
Unit Mix: 1, 2 & 3 bedrooms

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$ 25,675,262	
Estimated Hard Costs per Unit:	\$ 221,406	(\$14,169,981 /64 units)
Estimated per Unit Cost:	\$ 401,176	(\$25,675,262 /64 units)
Allocation per Unit:	\$ 220,320	(\$14,100,511 /64 units)
Allocation per Restricted Rental Unit:	\$ 220,320	(\$14,100,511 /64 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 project located in a high development cost area, construction costs and prevailing wage.

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 14,100,511	\$ 2,619,176
LIH Tax Credit Equity	\$ 882,837	\$ 8,828,365
Direct & Indirect Public Funds	\$ 6,511,247	\$ 12,196,780
Other	\$ 2,030,941	\$ 2,030,941
Total Sources	\$ 23,525,536	\$ 25,675,262

Uses of Funds:	
Land Purchase	\$ 1,800,000
On & Off Site Costs	\$ 2,402,848
Hard Construction Costs	\$ 11,767,133
Architect & Engineering Fees	\$ 993,388
Contractor Overhead & Profit	\$ 657,707
Developer Fee	\$ 2,326,979
Cost of Issuance	\$ 285,292
Capitalized Interest	\$ 651,972
Other Soft Costs	\$ 4,789,943
Total Uses	\$ 25,675,262

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: 80.1 out of 118
 [See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$14,100,511 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:	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]	7.1
Gross Rents	5	5	0
Large Family Units	5	5	5
Leveraging	10	10	10
Community Revitalization Area	15	15	0
Site Amenities	10	10	5
Service Amenities	10	10	0
New Construction	10	10	10
Sustainable Building Methods	8	8	8
Negative Points	-10	-10	0
Total Points	118	98	80.1

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.