

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
May 27, 2009
Staff Report
**REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT**

Prepared by: Crystal Alvarez

Applicant: California Statewide Communities Development Authority

Allocation Amount Requested:
Tax-exempt: \$14,000,000

Project Information:
Name: St. Marks Apartments
Project Address: 394 12th Street
Project City, County, Zip Code: Oakland, Alameda, 94607-4149

Project Sponsor Information:
Name: St. Marks Apartments, L.P. (St. Marks, LLC and Foundation for Affordable Housing II, Inc.)
Principals: Ronald L. Nelson, Tom Willard and Anjie Ponce

Project Financing Information:
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Underwriter: PNC Multifamily Capital
Credit Enhancement Provider: PNC Bank, N.A./ Freddie Mac
Private Placement Purchaser: Not Applicable
TEFRA Hearing: April 28, 2009

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 102, plus 1 manager unit
Type: Acquisition and Rehabilitation
Type of Units: Senior Citizens

Description of Public Benefits:
Percent of Restricted Rental Units in the Project: 100%
11% (11 units) restricted to 50% or less of area median income households.
89% (91 units) restricted to 60% or less of area median income households.
Unit Mix: Studio & 1 bedroom

Term of Restrictions:
Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$	26,502,973	
Estimated Hard Costs per Unit:	\$	28,967	(\$2,954,592 /102 units)
Estimated per Unit Cost:	\$	259,833	(\$26,502,973 /102 units)
Allocation per Unit:	\$	137,255	(\$14,000,000 /102 units)
Allocation per Restricted Rental Unit:	\$	137,255	(\$14,000,000 /102 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 14,000,000	\$ 10,500,000
Seller Carryback Note	\$ 10,596,842	\$ 9,649,203
LIH Tax Credit Equity	\$ 1,906,131	\$ 6,353,770
Total Sources	\$ 26,502,973	\$ 26,502,973

Uses of Funds:	
Acquisition Costs	\$ 18,200,000
Hard Construction Costs	\$ 2,954,592
Architect & Engineering Fees	\$ 199,280
Contractor Overhead & Profit	\$ 413,370
Developer Fee	\$ 2,500,000
Relocation	\$ 168,301
Cost of Issuance	\$ 500,000
Capitalized Interest	\$ 100,000
Other Soft Costs	\$ 1,467,430
Total Uses	\$ 26,502,973

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: 68 out of 118
[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$14,000,000 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:	35	15	25
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	0
Community Revitalization Area	15	15	15
Site Amenities	10	10	5
Service Amenities	10	10	0
New Construction	10	10	0
Sustainable Building Methods	8	8	8
Negative Points	-10	-10	0
Total Points	118	98	68

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.