

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
July 22, 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

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 Andres & Ingersoll, LLP
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Private Placement Purchaser: Citicorp Municipal Mortgage, Inc.
TEFRA Hearing Date: August 12, 2009

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 19, plus 1 manager 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 units) restricted to 60% or less of area median income households.
Unit Mix: Studio & 2 bedroom

Term of Restrictions:
Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$	8,802,066	
Estimated Hard Costs per Unit:	\$	299,152	(\$5,683,889 /19 units)
Estimated per Unit Cost:	\$	463,267	(\$8,802,066 /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 a 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	\$ 0
CalHFA Help Loan	\$ 500,000	\$ 500,000
OHA Loan	\$ 426,556	\$ 1,608,192
TCAP Loan	\$ 395,694	\$ 395,694
Deferred Costs	\$ 1,270,867	\$ 0
Deferred Developer Fee	\$ 0	\$ 550,121
MHP Loan	\$ 0	\$ 2,725,055
HOPWA Loan	\$ 0	\$ 500,000
Equity Investor	\$ 1,214,949	\$ 2,529,004
Total Sources	\$ 8,808,066	\$ 8,808,066

Uses of Funds:	
Acquisition Costs	\$ 0
New Construction Costs	\$ 5,683,889
Architectural	\$ 542,499
Survey & Engineering	\$ 42,457
Contingency Costs	\$ 314,607
Construction Period Expenses	\$ 349,514
Permanent Financing Expenses	\$ 20,300
Legal Fees	\$ 231,415
Capitalized Reserves	\$ 260,745
Reports & Studies	\$ 59,146
Other	\$ 251,123
Developer Costs	\$ 1,052,371
Total Uses	\$ 8,808,066

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: 112 out of 118
[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:	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
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	118	98	112

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.