

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: John Weir

Applicant: City of San Jose

Allocation Amount Requested:
Tax-exempt: \$26,200,000

Project Information:
Name: Belovida at Newbury Park Senior Apartments
Project Address: 1777 Newbury Park Drive
Project City, County, Zip Code: San Jose, Santa Clara, 95133-1709

Project Sponsor Information:
Name: Belovida at Newbury Park, L.P. (Core Belovida Newbury, LLC, Core Affordable Housing, LLC and EAH, Inc.)
Principals: David Neale, Chris Neale, and Dixie Baus for Core Belovida Newbury, LLC and Core Affordable Housing, LLC and Mary Murtagh and Laura Hall for EAH, Inc.

Project Financing Information:
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Private Placement Purchaser: Bank of America, N.A.
TEFRA Hearing Date: March 13, 2009

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 184, plus 1 manager unit
Type: New Construction
Type of Units: Senior Citizens

Description of Public Benefits:
Percent of Restricted Rental Units in the Project: 100%
100% (184 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: 1 bedroom

Term of Restrictions:
Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$ 50,819,398	
Estimated Hard Costs per Unit:	\$ 151,147	(\$27,811,039 /184 units)
Estimated per Unit Cost:	\$ 276,192	(\$50,819,398 /184 units)
Allocation per Unit:	\$ 142,391	(\$26,200,000 /184 units)
Allocation per Restricted Rental Unit:	\$ 142,391	(\$26,200,000 /184 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 26,200,000	\$ 11,713,402
Developer Equity	\$ 1,229	\$ 209,701
Deferred Developer Fee	\$ 2,423,021	\$ 0
LIH Tax Credit Equity	\$ 1,929,081	\$ 13,464,560
Direct & Indirect Public Funds	\$ 10,255,681	\$ 25,431,735
Other (City of San Jose Land Acq. Loan)	\$ 10,010,386	\$ 0
Total Sources	\$ 50,819,398	\$ 50,819,398

Uses of Funds:	
Land Purchase	\$ 9,010,386
On & Off Site Costs	\$ 3,123,330
Hard Construction Costs	\$ 24,687,709
Architect & Engineering Fees	\$ 956,677
Contractor Overhead & Profit	\$ 2,962,525
Developer Fee	\$ 1,400,000
Cost of Issuance	\$ 295,410
Capitalized Interest	\$ 3,069,531
Other Soft Costs	\$ 5,313,830
Total Uses	\$ 50,819,398

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: 88.1 out of 118
 [See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$26,200,000 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]	7.6
Gross Rents	5	5	5
Large Family Units	5	5	0
Leveraging	10	10	10
Community Revitalization Area	15	15	0
Site Amenities	10	10	2.5
Service Amenities	10	10	10
New Construction	10	10	10
Sustainable Building Methods	8	8	8
Negative Points	-10	-10	0
Total Points	118	98	88.1

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.