

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: Brady Hill

Applicant: California Statewide Communities Development Authority

Allocation Amount Requested:
Tax-exempt: \$11,130,000

Project Information:
Name: South Shore Apartments
Project Address: 4777 Grouse Run Drive
Project City, County, Zip Code: Stockton, San Joaquin, 95207

Project Sponsor Information:
Name: Southside Brookshore Associates, LP (Fair Forty First MR, LLC)
Principals: David Fisher, Bart Robertson and Donnie Garibaldi for Fair Forty First MR, LLC; Harold and Marilyn Mildenerger, individuals

Project Financing Information:
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Underwriter: Hutchinson, Shockey, Erley & Co
Credit Enhancement Provider: East West Bank
Private Placement Purchaser: Not Applicable
TEFRA Hearing Date: June 23, 2009

Description of Proposed Project:
State Ceiling Pool: Mixed Income
Total Number of Units: 128, plus 1 manager unit
Type: Acquisition and Rehabilitation
Type of Units: Family

Description of Public Benefits:
Percent of Restricted Rental Units in the Project: 20%
20% (26 units) restricted to 50% or less of area median income households.
Unit Mix: 1 & 2 bedrooms

Term of Restrictions:
Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$	16,666,640	
Estimated Hard Costs per Unit:	\$	10,781	(\$1,380,000 /128 units)
Estimated per Unit Cost:	\$	130,208	(\$16,666,640 /128 units)
Allocation per Unit:	\$	86,953	(\$11,130,000 /128 units)
Allocation per Restricted Rental Unit:	\$	428,077	(\$11,130,000 /26 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 11,130,000	\$ 11,130,000
Taxable Bond Proceeds	\$ 2,000,000	\$ 2,000,000
Developer Equity	\$ 3,536,640	\$ 3,536,640
Total Sources	\$ 16,666,640	\$ 16,666,640

Uses of Funds:	
Acquisition Costs	\$ 12,300,000
Rehabilitation Costs	\$ 1,765,000
Survey & Engineering	\$ 10,000
Contingency Costs	\$ 88,000
Construction Period Expenses	\$ 1,595,295
Permanent Financing Expenses	\$ 763,595
Legal Fees	\$ 95,000
Reports & Studies	\$ 27,750
Other (Marketing, etc)	\$ 22,000
Total Uses	\$ 16,666,640

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: 50 out of 98
 [See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$11,130,000 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	6
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	0
Large Family Units	5	5	0
Leveraging	10	10	6
Community Revitalization Area	15	15	0
Site Amenities	10	10	10
Service Amenities	10	10	10
New Construction	10	10	0
Sustainable Building Methods	8	8	8
Negative Points	-10	-10	0
Total Points	118	98	50

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.