

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE  
September 23, 2009  
Staff Report  
**REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A  
QUALIFIED RESIDENTIAL RENTAL PROJECT**

Prepared by: Sarah Lester

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**Applicant:** City of San Jose

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**Allocation Amount Requested:**  
**Tax-exempt:** \$25,380,000

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**Project Information:**  
**Name:** Kings Crossing Apartments  
**Project Address:** 686 N. King Road  
**Project City, County, Zip Code:** San Jose, Santa Clara, 95133

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**Project Sponsor Information:**  
**Name:** Kings Crossing, LP (Kings Crossing, LLC and Charities  
Housing Development Corporation)  
**Principals:** Dan Wu

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**Project Financing Information:**  
**Bond Counsel:** Hawkins, Delafield & Wood, LLP  
**Underwriter:** Not Applicable  
**Credit Enhancement Provider:** Not Applicable  
**Private Placement Purchaser:** US Bank National Association  
**TEFRA Hearing Date:** March 24, 2009

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**Description of Proposed Project:**  
**State Ceiling Pool:** General  
**Total Number of Units:** 92, plus 2 manager units  
**Type:** New Construction  
**Type of Units:** Family

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**Description of Public Benefits:**  
**Percent of Restricted Rental Units in the Project:** 100%  
100% (92 units) restricted to 50% or less of area median income households.  
**Unit Mix:** 1, 2 & 3 bedrooms

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**Term of Restrictions:**  
**Income and Rent Restrictions:** 55 years

**Details of Project Financing:**

<b>Estimated Total Development Cost:</b>	\$	46,180,382	
<b>Estimated Hard Costs per Unit:</b>	\$	281,309	(\$25,880,457 /92 units)
<b>Estimated per Unit Cost:</b>	\$	501,961	(\$46,180,382 /92 units)
<b>Allocation per Unit:</b>	\$	275,870	(\$25,380,000 /92 units)
<b>Allocation per Restricted Rental Unit:</b>	\$	275,870	(\$25,380,000 /92 restricted units)

<b>Sources of Funds:</b>	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 25,380,000	\$ 3,017,237
Deferred Developer Fee	\$ 1,300,000	\$ 1,300,000
LIH Tax Credit Equity	\$ 1,270,795	\$ 12,980,631
Direct & Indirect Public Funds	\$ 17,250,564	\$ 28,882,514
Other	\$ 979,023	\$ 0
<b>Total Sources</b>	<b>\$ 46,180,382</b>	<b>\$ 46,180,382</b>

<b>Uses of Funds:</b>	
Land Costs	\$ 5,645,297
On & Off Site Costs	\$ 1,565,067
Hard Construction Costs	\$ 24,315,390
Architect & Engineering Fees	\$ 1,615,632
Contractor Overhead & Profit	\$ 3,389,735
Developer Fee	\$ 2,500,000
Cost of Issuance	\$ 535,047
Capitalized Interest	\$ 3,050,116
Other Soft Costs	\$ 3,564,098
<b>Total Uses</b>	<b>\$ 46,180,382</b>

**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:** 82.8 out of 118  
 [See Attachment A]

**Recommendation:**

Staff recommends that the Committee approve \$25,380,000 in tax exempt bond allocation on a carryforward basis. The CDLAC bond issuance deadline shall be 1) the project specific California Tax Credit Allocation Committee closing deadline for January 27, 2010 TCAP/Exchange awards or 2) August 25, 2010 for those applicants unsuccessful in obtaining a TCAP/Exchange award on January 27, 2010.

**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]	9.8
Gross Rents	5	5	0
Large Family Units	5	5	0
Leveraging	10	10	10
Community Revitalization Area	15	15	0
Site Amenities	10	10	5
Service Amenities	10	10	5
New Construction	10	10	10
Sustainable Building Methods	8	8	8
Negative Points	-10	-10	0
<b>Total Points</b>	<b>118</b>	<b>98</b>	<b>82.8</b>

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.