

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: Crystal Alvarez

Applicant: Housing Authority of the County of Santa Clara

Allocation Amount Requested:
Tax-exempt: \$3,375,245

Project Information:
Name: Lucretia Gardens Apartments
Project Address: 2018 Lucretia Avenue
Project City, County, Zip Code: San Jose, Santa Clara County, 95122

Project Sponsor Information:
Name: To be formed Limited Partner (Housing Authority of the County of Santa Clara)
Principals: Alex Sanchez, Candace Capogrossi, Jacque Hansen, Bakulesh Patel, Vanessa Cooper, Louise Hofmeister, Julie Moss, Leland Alcosiba and Rene Regino

Project Financing Information:
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Underwriter: Prudential Affordable Mortgage Company / Freddie Mac
Credit Enhancement Provider: Prudential Affordable Mortgage Company / Freddie Mac
Private Placement Purchaser: Not Applicable
TEFRA Hearing Date: June 9, 2009

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 15, plus 1 manager unit
Type: Acquisition and Rehabilitation
Type of Units: Family

Description of Public Benefits:
Percent of Restricted Rental Units in the Project: 100%
100% (15 units) restricted to 50% or less of area median income households.
Unit Mix: 3 bedrooms

Term of Restrictions:
Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$	6,504,794	
Estimated Hard Costs per Unit:	\$	124,821	(\$1,872,308 /15 units)
Estimated per Unit Cost:	\$	433,653	(\$6,504,794 /15 units)
Allocation per Unit:	\$	225,016	(\$3,375,245 /15 units)
Allocation per Restricted Rental Unit:	\$	225,016	(\$3,375,245 /15 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

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 3,375,245	\$ 1,151,838
Taxable Bond Proceeds	\$	\$
Developer Equity	\$ 7	\$ 1,041,680
LIH Tax Credit Equity	\$ 510,436	\$ 1,701,454
Direct & Indirect Public Funds	\$ 2,226,218	\$ 2,226,218
Other	\$ 261,448	\$ 383,604
Total Sources	\$ 6,373,354	\$ 6,504,794

Uses of Funds:	
Acquisition Costs	\$ 2,740,000
On & Off Site Costs	\$ 241,589
Hard Construction Costs	\$ 1,630,719
Architect & Engineering Fees	\$ 328,738
Contractor Overhead & Profit	\$ 211,338
Developer Fee	\$ 522,896
Relocation	\$ 64,000
Cost of Issuance	\$ 92,084
Capitalized Interest	\$ 315,047
Other Soft Costs (Marketing, etc)	\$ 358,383
Total Uses	\$ 6,504,794

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: 72.5 out of 118

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$3,375,245 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]	10
Gross Rents	5	5	5
Large Family Units	5	5	5
Leveraging	10	10	10
Community Revitalization Area	15	15	0
Site Amenities	10	10	0
Service Amenities	10	10	7.5
New Construction	10	10	0
Sustainable Building Methods	8	8	0
Negative Points	-10	-10	0
Total Points	118	98	72.5

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.