

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
May 26, 2010
Staff Report
**REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT**

Prepared by: Crystal Alvarez

Applicant: City of San Jose

Allocation Amount Requested:
Tax-exempt: \$14,200,000

Project Information:
Name: Orvieto Family Apartments
Project Address: SW Corner Montecito Vista Drive & Goble Lane
Project City, County, Zip Code: San Jose, Santa Clara, 95111

Project Sponsor Information:
Name: Orvieto Family Apartments, L.P. (ROEM Orvieto Family, LLC and Eden Orvieto, LLC)
Principals: Marcus Griffin, Andrea Papanastassiou and Robert Emami

Project Financing Information:
Bond Counsel: Quint & Thimmig LLP
Underwriter: RBC Capital Markets
Credit Enhancement Provider: Citibank, N.A. (permanent)
Private Placement Purchaser: Chase Bank, N.A (construction)
TEFRA Hearing Date: July 6, 2009

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 91, plus
Type: New Construction
Type of Units: Family

Description of Public Benefits:
Percent of Restricted Rental Units in the Project: 100%
100% (91 units) restricted to 50% or less of area median income households.
Unit Mix: 1, 2 & 3 bedrooms

Term of Restrictions:
Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$	29,456,489	
Estimated Hard Costs per Unit:	\$	165,253	(\$15,038,000 /91 units)
Estimated per Unit Cost:	\$	323,698	(\$29,456,489 /91 units)
Allocation per Unit:	\$	156,044	(\$14,200,000 /91 units)
Allocation per Restricted Rental Unit:	\$	156,044	(\$14,200,000 /91 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 14,200,000	\$ 6,810,000
Interest Income	\$ 99,551	\$ 99,551
Deferred Developer Fee	\$ 1,776,225	\$ 1,224,567
LIH Tax Credit Equity	\$ 4,259,236	\$ 7,744,066
Direct & Indirect Public Funds	\$ 13,221,444	\$ 13,221,444
Deferred Developer Reserve	\$ 490,308	\$ 0
Lease-Up Income	\$ 0	\$ 359,861
Interim Bond Repayment	\$ -4,587,275	\$ 0
Total Sources	\$ 29,459,489	\$ 29,459,489

Uses of Funds:	
Acquisition Costs	\$ 3,134,138
New Construction Costs	\$ 18,595,560
Architectural	\$ 425,000
Survey & Engineering	\$ 300,000
Contingency Costs	\$ 1,054,438
Construction Period Expenses	\$ 2,109,506
Permanent Financing Expenses	\$ 93,900
Legal Fees	\$ 195,000
Capitalized Reserves	\$ 490,308
Reports & Studies	\$ 20,000
Other (Marketing, etc)	\$ 1,041,639
Developer Costs	\$ 2,000,000
Total Uses	\$ 29,459,489

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: 85 out of 118
 [See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$14,200,000 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]	10
Gross Rents	5	5	0
Large Family Units	5	5	5
Leveraging	10	10	10
Community Revitalization Area	15	15	0
Site Amenities	10	10	5
Service Amenities	10	10	10
New Construction	10	10	10
Sustainable Building Methods	8	8	0
Negative Points	-10	-10	0
Total Points	118	98	85

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.