

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
November 17, 2010
Staff Report
**REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT**

Prepared by: Brady Hill

Applicant: California Housing Finance Agency

Allocation Amount Requested:

Tax-exempt: \$48,660,000
Taxable: \$2,350,000

Project Information:

Name: Highlands Point Apartments
Project Address: Ivy Hill Way
Project City, County, Zip Code: San Ramon, Contra Costa, 94506

Project Sponsor Information:

Name: Highlands San Ramon LP (Pacific Housing, Inc. and Anton Highlands, LLC)
Principals: Mark Wiese for Pacific Housing, Inc.; Steven L. Eggert and Peter Geremia for St. Anton Capital, LLC

Project Financing Information:

Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Underwriter: Citibank, N.A. / Freddie Mac
Credit Enhancement Provider: Citibank, N.A. / Freddie Mac
TEFRA Hearing Date: September 20, 2010

Description of Proposed Project:

State Ceiling Pool: Mixed Income
Total Number of Units: 290, plus 3 manager units
Type: New Construction
Type of Units: Family

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 20%
20% (58 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:	\$	57,333,325		
Estimated Hard Costs per Unit:	\$	93,991	(\$27,257,382 /290 units)	
Estimated per Unit Cost:	\$	197,701	(\$57,333,325 /290 units)	
Allocation per Unit:	\$	167,793	(\$48,660,000 /290 units)	
Allocation per Restricted Rental Unit:	\$	838,966	(\$48,660,000 /58 restricted units)	

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 48,660,000	\$ 48,660,000
Taxable Bond Proceeds	\$ 2,350,000	\$ 2,350,000
Deferred Developer Fee	\$ 0	\$ 565,416
LIH Tax Credit Equity	\$ 2,257,516	\$ 2,257,516
Other (NOI during Lease Up and GIC Income)	\$ 1,565,809	\$ 3,500,393
Total Sources	\$ 54,833,325	\$ 57,333,325

Uses of Funds:	
Land Purchase	\$ 1,750,000
On & Off Site Costs	\$ 2,848,995
Hard Construction Costs	\$ 24,408,387
Architect & Engineering Fees	\$ 598,500
Contractor Overhead & Profit	\$ 1,323,174
Developer Fee	\$ 2,500,000
Cost of Issuance	\$ 3,962,767
Capitalized Interest	\$ 5,693,139
Other Soft Costs	\$ 14,248,363
Total Uses	\$ 57,333,325

Legal Questionnaire:

Staff has researched the multiple wrongful death-related lawsuits from the Casa De Vallejo Fire. Civil lawsuits are currently pending for Pacific Housing Inc. and Mark Weise (President of Pacific Housing, Inc.). Pacific Housing, Inc. is a non-profit member of the Highlands San Ramon LP for the Highlands Point Project. However, the insurance company has agreed to fully represent Pacific Housing, Inc. and Mark Weise. For any potential liability beyond the insurance coverage, Pacific Housing, Inc. has committed to isolate it from the Highlands Point project; thus not impacting its operation. In conclusion, no information was disclosed to question the financial viability of the Project Sponsor. As such, staff recommends approval of the Project.

Total Points: 51.2 out of 98

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$48,660,000 in tax exempt bond allocation on a carryforward basis.

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	5
Large Family Units	5	5	0
Leveraging	10	10	2.2
Community Revitalization Area	15	15	0
Site Amenities	10	10	0
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	51.2

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.