

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
December 15, 2010
Staff Report
**REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT**

Prepared by: John Weir

Applicant: California Statewide Communities Development Authority

Allocation Amount Requested:
Tax-exempt: \$11,489,686

Project Information:
Name: Red Star Apartments
Project Address: 1396 5th Street
Project City, County, Zip Code: Oakland , Alameda, 94607

Project Sponsor Information:
Name: Oakland Housing Investors, L.P. (Oakland-Red Star, LLC; Red Star-Michael's, LLC, LINC Housing Corporation and National Affordable Communities, Inc.)
Principals: Christine Hanna and Darren Berberian for Oakland-Red Star, LLC; Michael J. Levitt, John J. O'Donnell, David Lukens, Joseph Purcell and Susan M. Langley for Red Star-Michael's, LLC; Hunter Johnson and Suny Lay Chang for LINC Housing Corporation; Christine Hanna and Darren Berberian for National Affordable Communities, Inc.

Project Financing Information:
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Underwriter: Not Applicable
Private Placement Purchaser: Citibank, N.A.
TEFRA Hearing Date: November 15, 2010

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 118, plus 1 manager unit
Type: New Construction
Type of Units: Senior Citizens

Description of Public Benefits:
Percent of Restricted Rental Units in the Project: 100%
61% (72 units) restricted to 50% or less of area median income households.
39% (46 units) restricted to 60% 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:	\$	21,575,920	
Estimated Hard Costs per Unit:	\$	82,873	(\$9,778,994 /118 units)
Estimated per Unit Cost:	\$	182,847	(\$21,575,920 /118 units)
Allocation per Unit:	\$	97,370	(\$11,489,686 /118 units)
Allocation per Restricted Rental Unit:	\$	97,370	(\$11,489,686 /118 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 11,489,686	\$ 9,200,000
Retail Construction Loan	\$ 422,000	\$ 422,000
Deferred Developer Fee	\$ 2,016,592	\$ 1,367,136
LIH Tax Credit Equity	\$ 2,939,142	\$ 5,878,284
Direct & Indirect Public Funds	\$ 3,708,500	\$ 3,708,500
Seller Note	\$ 1,000,000	\$ 1,000,000
Total Sources	\$ 21,575,920	\$ 21,575,920

Uses of Funds:	
Land Purchase	\$ 3,750,000
On & Off Site Costs	\$ 1,061,437
Hard Construction Costs	\$ 8,717,557
Architect & Engineering Fees	\$ 900,000
Contractor Overhead & Profit	\$ 102,872
Developer Fee	\$ 2,016,592
Cost of Issuance	\$ 1,280,800
Capitalized Interest	\$ 953,900
Other Soft Costs	\$ 2,792,762
Total Uses	\$ 21,575,920

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: 85.5 out of 118
[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$11,489,686 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	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	0
Leveraging	10	10	10
Community Revitalization Area	15	15	0
Site Amenities	10	10	7.5
Service Amenities	10	10	5
New Construction	10	10	10
Sustainable Building Methods	8	8	3
Negative Points	-10	-10	0
Total Points	118	98	85.5

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.