

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE  
March 16, 2011  
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:** California Statewide Communities Development Authority

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**Allocation Amount Requested:**  
**Tax-exempt:** \$18,330,000

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**Project Information:**  
**Name:** The Ridge Apartments  
**Project Address:** 8151 Civic Center Drive  
**Project City, County, Zip Code:** Elk Grove, Sacramento, 95757

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**Project Sponsor Information:**  
**Name:** Ridge Elk Grove, LP (Pacific Housing, Inc. and Anton Ridge, LLC)  
**Principals:** Mark Wiese for Pacific Housing, Inc.; Steven L. Eggert and Peter Geremia for Anton Ridge, LLC

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**Project Financing Information:**  
**Bond Counsel:** Orrick, Herrington & Sutcliffe LLP  
**Underwriter:** Not Applicable  
**Credit Enhancement Provider:** Not Applicable  
**Private Placement Purchaser:** Bank of America, N.A.  
**TEFRA Hearing Date:** February 9, 2011

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**Description of Proposed Project:**  
**State Ceiling Pool:** General  
**Total Number of Units:** 202, plus 2 manager units  
**Type:** New Construction  
**Type of Units:** Family

The Proposed Project is a new construction family project located in Elk Grove, CA in the County of Sacramento. It is located on a 10.7 acre parcel on the northwest corner of Civic Center Drive and Big Horn Boulevard. The project will consist of a total of 204 units, two (2) market rate managers' units and 202 affordable units. All of the affordable units will be restricted to households whose incomes are at or below 60% of the area median income. The project will also include a 3,650 square foot clubhouse. Construction is expected to be completed in October 2012.

**Description of Public Benefits:**

**Percent of Restricted Rental Units in the Project:** 100%  
50% (102 units) restricted to 50% or less of area median income households.  
50% (100 units) restricted to 60% or less of area median income households.  
**Unit Mix:** 1, 2 & 3 bedrooms

The public benefits associated with the Proposed Project includes 60 one bedroom units, 84 two bedroom units and 60 three bedroom of which 102 units will be restricted to households with very low incomes (50% AMI) and 100 units will be restricted to households with low incomes (60% AMI). This project will add 202 newly constructed affordable family units to the City of Elk Grove, which will include 60 large family units (3-bedroom units).

**Term of Restrictions:**

**Income and Rent Restrictions:** 55 years

**Details of Project Financing:**

<b>Estimated Total Development Cost:</b>	\$	35,377,755	
<b>Estimated Hard Costs per Unit:</b>	\$	78,028	(\$15,761,720 /202 units)
<b>Estimated per Unit Cost:</b>	\$	175,137	(\$35,377,755 /202 units)
<b>Allocation per Unit:</b>	\$	90,743	(\$18,330,000 /202 units)
<b>Allocation per Restricted Rental Unit:</b>	\$	90,743	(\$18,330,000 /202 restricted units)

<b>Sources of Funds:</b>	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 18,330,000	\$ 12,880,000
Deferred Developer Fee	\$ 0	\$ 1,674,755
LIH Tax Credit Equity	\$ 3,180,746	\$ 9,455,991
Direct & Indirect Public Funds	\$ 9,700,000	\$ 9,700,000
Other	\$ 1,667,009	\$ 1,667,009
<b>Total Sources</b>	<b>\$ 32,877,755</b>	<b>\$ 35,377,755</b>

<b>Uses of Funds:</b>	
Land Purchase	\$ 604,787
On & Off Site Costs	\$ 2,721,000
Hard Construction Costs	\$ 13,040,720
Architect & Engineering Fees	\$ 317,625
Contractor Overhead & Profit	\$ 1,576,172
Developer Fee	\$ 2,500,000
Cost of Issuance	\$ 447,995
Capitalized Interest	\$ 1,284,989
Other Soft Costs	\$ 12,884,467
<b>Total Uses</b>	<b>\$ 35,377,755</b>

**Description of Financial Structure and Bond Issuance:**

The financing for the Proposed Project will be structured using a private placement of tax-exempt bonds to be issued by the California Statewide Communities Development Authority. Bank of America, N.A. ("BOA") will provide construction to term financing through its Special Bond Offering ("SBO") product, a proprietary direct placement tax-exempt bond product. BOA will purchase the bonds at a floating rate. During the construction and stabilization period of the Property, debt service on the bonds will be interest-only at a floating rate. The SBO can be used in a full-sale or draw-down bond scenario provided this latter structure is acceptable to the Issuer. The Project has also received a loan in the amount of \$9,700,000 from the City of Elk from the City's Affordable Housing Fund. This along with tax credit equity and other soft costs will be used to finance the Project.

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**Analyst Comments:**

N/A

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**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.

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**Total Points:**

70 out of 118

[See Attachment A]

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**Recommendation:**

Staff recommends that the Committee approve \$18,330,000 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]	0
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	0
Service Amenities	10	10	10
New Construction	10	10	10
Sustainable Building Methods	8	8	0
Negative Points	-10	-10	0
<b>Total Points</b>	<b>118</b>	<b>98</b>	<b>70</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.