

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
May 18, 2011
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Richard Fischer

Applicant: ABAG Finance Authority for Nonprofit Corporations

Allocation Amount Requested:
Tax-exempt: \$7,700,000

Project Information:
Name: Presidio El Camino Apartments
Project Address: 1410-1456 El Camino Real
Project City, County, Zip Code: Santa Clara, Santa Clara, 95050

Project Sponsor Information:
Name: Presidio El Camino, L.P. (Core Presidion, LLC and Central Valley Coalition for Affordable Housing)
Principals: David Neale and Christopher Neale for Core Presidio, LLC; Alan Jenkins, Sid McIntyre, Jennifer Bertuccio, Renee Downum, Steve Simmons and Christina Alley for Central Valley Coalition for Affordable Housing.

Project Financing Information:
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Private Placement Purchaser: Citibank, N.A.
TEFRA Hearing Date: March 1, 2011

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 39, plus 1 manager unit
Type: New Construction
Type of Units: Family

The proposed project is a residential development in an ancillary one-story building with 3,000 square feet of community room space and 39 studio units and 1 bedroom affordable apartments in a 3 story building. The 3,000 square foot community room is located on the Ground Floor Level. This space will have a fitness center and other space designed for resident and community gatherings for meetings and events. The 2nd and 3rd floors will contain other common areas including sitting areas, a computer room and another smaller community room with kitchen facilities. Typical interior finishes for each unit are; electric stove, refrigerator, built-in microwave, dishwasher and a stackable washer and dryer. Each apartment will have sprinklers and air conditioned. Parking is provided in the rear of the property on a ratio of 1 space per unit.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
54% (21 units) restricted to 50% or less of area median income households.
46% (18 units) restricted to 60% or less of area median income households.
Unit Mix: Studio & 1 bedroom

The private balconies and patios planned for most units will have a minimum of 60 square feet with no direction measuring less than 6 feet for usability and wheelchair turnaround.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost: \$ 15,515,098
Estimated Hard Costs per Unit: \$ 165,731 (\$6,463,499 /39 units)
Estimated per Unit Cost: \$ 397,823 (\$15,515,098 /39 units)
Allocation per Unit: \$ 197,436 (\$7,700,000 /39 units)
Allocation per Restricted Rental Unit: \$ 197,436 (\$7,700,000 /39 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 7,700,000	\$ 2,100,000
LIH Tax Credit Equity	\$ 635,000	\$ 4,579,636
Direct & Indirect Public Funds	\$ 5,943,482	\$ 8,663,759
Def. Dev. Fee and Def. Until Perm. Conversions	\$ 1,236,616	\$ 171,703
Total Sources	\$ 15,515,098	\$ 15,515,098

Uses of Funds:	
Land Purchase	\$ 2,695,000
On & Off Site Costs	\$ 184,374
Hard Construction Costs	\$ 6,279,125
Architect & Engineering Fees	\$ 745,828
Contractor Overhead & Profit	\$ 487,811
Developer Fee	\$ 1,478,000
Cost of Issuance	\$ 481,000
Capitalized Interest	\$ 163,760
Other Soft Costs	\$ 3,000,200
Total Uses	\$ 15,515,098

Description of Financial Structure and Bond Issuance:

Upon issuance, Citibank will purchase the bonds. The bond proceeds will be loaned to the Presidio El Camino, L.P. to fund the construction of the Project. The construction loan administered by Citibank is anticipated to be \$7,700,000 secured by a Multifamily Deed of Trust in the first position . The permanent loan administered and secured by Citibank is anticipated to be \$2,100,000. The permanent loan anticipated all-in tax exempt fixed rate of 6.20%.

Analyst Comments:

LEED Certified building.

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: 73 out of 118

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$7,700,000 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	0
Large Family Units	5	5	0
Leveraging	10	10	10
Community Revitalization Area	15	15	0
Site Amenities	10	10	10
Service Amenities	10	10	0
New Construction	10	10	10
Sustainable Building Methods	8	8	8
Negative Points	-10	-10	0
Total Points	118	98	73

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.