

**THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**  
**July 18, 2012**  
**Staff Report**  
**REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A**  
**QUALIFIED RESIDENTIAL RENTAL PROJECT**

*Prepared by: Narisha Bonakdar*

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**Applicant:** California Statewide Communities Development Authority

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**Allocation Amount Requested:**  
**Tax-exempt:** \$8,220,000

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**Project Information:**  
**Name:** Granite City Apartments  
**Project Address:** 1150 Sibley Street  
**Project City, County, Zip Code:** Folsom, Sacramento, 95630

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**Project Sponsor Information:**  
**Name:** Granite Folsom L.P. (Anton Granite, LLC and Pacific Housing, Inc.)  
**Principals:** Anton Granite: Mark A. Wiese; Pacific Housing, Inc.: Steven Eggert and Peter Geremia  
**Property Management Company:** St. Anton Management Inc.

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**Project Financing Information:**  
**Bond Counsel:** Orrick, Herrington & Sutcliffe LLP  
**Private Placement Purchaser:** Union Bank, N.A.  
**TEFRA Hearing Date:** July 10, 2012

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**Description of Proposed Project:**  
**State Ceiling Pool:** General  
**Total Number of Units:** 80, plus 1 manager unit  
**Type:** New Construction  
**Type of Units:** Family

Granite City Apartments is a proposed 81-unit new construction project located in the City of Folsom. It will consist of 30 one-bedroom units, 33 two-bedroom units, and 18 three-bedroom units on 3.9 acres. All of the units will be income-restricted to households earning between 50 and 60 percent of Area Median Income. Each unit will include hydronic space heating and central air conditioning, washer and dryer connections, a patio/balcony, and all major appliances. The property includes a community room with a computer area/classroom, a swimming pool, and an onsite laundry facility.

**Description of Public Benefits:**

**Percent of Restricted Rental Units in the Project:** 100%  
21% (17 units) restricted to 50% or less of area median income households.  
79% (63 units) restricted to 60% or less of area median income households.  
**Unit Mix:** 1, 2 & 3 bedrooms

The project will include educational classes and an after-school program.

**Term of Restrictions:**

**Income and Rent Restrictions:** 55 years

**Details of Project Financing:**

<b>Estimated Total Development Cost:</b>	\$	15,672,460	
<b>Estimated Hard Costs per Unit:</b>	\$	95,966	(\$7,677,296 /80 units)
<b>Estimated per Unit Cost:</b>	\$	195,906	(\$15,672,460 /80 units)
<b>Allocation per Unit:</b>	\$	102,750	(\$8,220,000 /80 units)
<b>Allocation per Restricted Rental Unit:</b>	\$	102,750	(\$8,220,000 /80 restricted units)

<b>Sources of Funds:</b>	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 8,220,000	\$ 5,280,000
LIH Tax Credit Equity	\$ 1,197,536	\$ 4,737,086
Direct & Indirect Public Funds	\$ 4,540,000	\$ 4,540,000
Other	\$ 309,924	\$ 1,115,374
<b>Total Sources</b>	<b>\$ 14,267,460</b>	<b>\$ 15,672,460</b>

<b>Uses of Funds:</b>	
Acquisition/Land Purchase	\$ 855,000
On & Off Site Costs	\$ 1,067,596
Hard Construction Costs	\$ 6,609,700
Architect & Engineering Fees	\$ 317,625
Contractor Overhead & Profit	\$ 898,012
Developer Fee	\$ 1,500,000
Cost of Issuance	\$ 252,765
Capitalized Interest	\$ 331,133
Other Soft Costs (Marketing, etc.)	\$ 3,840,629
<b>Total Uses</b>	<b>\$ 15,672,460</b>

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

Union Bank, N.A. will provide a private placement of tax-exempt private activity bonds in the amount of \$8,220,000 that will serve as both the construction and permanent loans. The construction loan term will be 24 months and will carry a variable interest rate equal to 60% of the 30-day LIBOR rate plus 2.00%. After the 24-month construction period, an amount equal to \$5,280,000 will be fixed with a swap (current indicative swapped rate is 5.2%). The permanent loan will have a 15-year term and 30-year amortization.

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**Analyst Comments:**

Not Applicable

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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:** 71 out of 130  
[See Attachment A]

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**Recommendation:**

Staff recommends that the Committee approve \$8,220,000 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	31
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	0
Community Revitalization Area	15	15	0
Site Amenities	10	10	5
Service Amenities	10	10	10
New Construction	10	10	10
Sustainable Building Methods	10	10	0
Negative Points	-10	-10	0
<b>Total Points</b>	<b>130</b>	<b>100</b>	<b>71</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.