

**THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**  
**May 23, 2007**  
**Executive Summary**  
**REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A**  
**QUALIFIED RESIDENTIAL RENTAL PROJECT**

*Prepared by Crystal Alvarez.*

---

**Applicant:** Redevelopment Agency of the City of Santa Cruz

---

**Allocation Amount Requested:** Tax-exempt \$28,205,000

---

**Project Name:** Tannery Artists Loft Apartments  
**Project Address:** 1040 River Street  
**Project City, County, Zip Code:** Santa Cruz, Santa Cruz, 95060

The proposed project is located in the Community Revitalization area of the Merged Earthquake Recovery and Reconstruction Redevelopment Project.

---

**Project Sponsor Information:**

**Name:** Tannery Artist Lofts Limited Partnership  
(Tannery Artists Lofts, LLC, Artspace Tannery Lofts  
LLC, and Artspace Projects, Inc.)  
**Principals:** Gregory P. Handberg for Tannery Artists Lofts and  
Artspace Projects; L. Kelly Lindquist for Artspace  
Projects, Inc.

---

**Project Financing Information:**

**Bond Counsel:** Jones Hall, A Professional Law Corporation  
**Underwriter:** N/A  
**Credit Enhancement Provider:** N/A  
**Private Placement Purchaser:** Washington Mutual  
**TEFRA Hearing:** April 10, 2007

---

**Description of Proposed Project:**

**State Ceiling Pool:** General  
**Total Number of Units:** 99, plus 1 manager unit  
**Type:** New Construction  
**Type of Units:** Family

---

**Description of Public Benefits:**

**Percent of Restricted Rental Units in the Project: 100%**  
100% (99 units) restricted to 50% or less of area median income households;

**Unit Mix:** Studio, 1, 2, and 3 bedrooms

**Term of Restrictions:** 55 years

---

|   |   |
|---|---|
| <b>Estimated Total Development Cost:</b>      | \$34,052,435                                  |
| <b>Estimated Hard Costs per Unit:</b>         | \$ 257,356 (\$25,478,208/99 units)            |
| <b>Estimated per Unit Cost:</b>               | \$ 343,964 (\$34,052,435/99 units)            |
| <b>Allocation per Unit:</b>                   | \$ 292,929 (\$28,205,000/99 units)            |
| <b>Allocation per Restricted Rental Unit:</b> | \$ 292,929 (\$28,205,000/99 restricted units) |

| <b>Sources of Funds:</b>       | <u>Construction</u> | <u>Permanent</u>    |
|--------------------------------|---------------------|---------------------|
| Tax-Exempt Bond Proceeds       | \$28,205,000        | \$ 4,600,000        |
| Developer Equity               | \$ 958,652          | \$ 958,293          |
| LIH Tax Credit Equity          | \$ 1,671,759        | \$15,795,917        |
| Direct & Indirect Public Funds | \$ 1,765,000        | \$11,246,201        |
| Other                          | <u>\$ 1,452,024</u> | <u>\$ 1,452,024</u> |
| Total Sources                  | \$34,052,435        | \$34,052,435        |

| <b>Uses of Funds:</b>        |                     |
|------------------------------|---------------------|
| Land Purchase                | \$ 1                |
| On-Site & Off-Site Costs     | \$ 2,713,675        |
| Hard Construction Costs      | \$22,764,533        |
| Architect & Engineering Fees | \$ 714,241          |
| Contractor Overhead & Profit | \$ 1,241,039        |
| Developer Fee                | \$ 2,500,000        |
| Cost of Issuance             | \$ 225,621          |
| Capitalized Interest         | \$ 1,921,447        |
| Other Soft Costs             | <u>\$ 1,971,878</u> |
| Total Uses                   | \$34,052,435        |

This is the Developer's (Artspace Projects Incorporated) first tax-exempt bond financed multifamily housing project in California. However, the Redevelopment Agency of the City of Santa Cruz has informed CDLAC staff that the City is committed to providing on-going assistance to the development of the project.

---

**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:** 92.5 out of 128  
 [See Attachment #A]

---

**Recommendation:**

Staff recommends that the Committee approve \$28,205,000 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:<br>Non-Mixed Income Project<br>Mixed Income Project  | 35   | 15   | 35            |
| Gross Rents   | 5  | 5  | 5             |
| Exceeding Minimum Rent Restrictions<br>[Allowed if 10 pts not awarded above in Federally Assisted At-Risk Project or HOPE VI Project] | [10]   | [10]   | 10            |
| Large Family Units  | 5  | 5  | 5             |
| Leveraging  | 10   | 10   | 10            |
| Community Revitalization Area   | 15   | 15   | 15            |
| Site Amenities  | 10   | 10   | 2.5           |
| Service Amenities   | 10   | 10   | 0             |
| Sustainable Building Methods  | 8  | 8  | 0             |
| New Construction  | 10   | 10   | 10            |
| Negative Points   | NA   | NA   | 0             |
| <b>Total Points</b>   | <b>128</b>   | <b>108</b>                                       | <b>92.5</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.