THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
September 24, 2008
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Sarah Lester

Applicant: California Statewide Communities Development Authority

Allocation Amount Requested: **Tax-exempt:** $4,800,000

Project Information:

Name:	**The Crossings at Morgan Hill Apartments**
Project Address:	170 Wright Avenue
Project City, County, Zip Code:	Morgan Hill, Santa Clara, 95037

The proposed Project is located in a Community Revitalization area, more specifically in the Ojo De Agua Redevelopment Project Area.

Project Sponsor Information:

Name:	UHC 00381 Morgan Hill, LP (Heritage Community Housing, Inc. and UHC 00381 Morgan Hill Holdings, LLC)
Principals:	Cesar Delgado, Maricela Dunehew and Leah Pari for Heritage Community Housing, Inc.; John F. Bigley, David H. Bigley and Douglas R. Bigley for UHC 00381 Morgan Hill Holdings, LLC

Project Financing Information:

Bond Counsel:	Orrick, Herrington & Sutcliffe LLP
Underwriter:	Not Applicable
Credit Enhancement Provider:	Not Applicable
Private Placement Purchaser:	US Bank National Association
TEFRA Hearing:	June 4, 2008

Description of Proposed Project:

State Ceiling Pool:	General
Total Number of Units:	24, plus 1 manager's unit
Type:	Acquisition and Rehabilitation
Type of Units:	Family

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%

___100%___ (24 units) restricted to 50% or less of area median income households.

___0%___ (0 units) restricted to 60% or less of area median income households.

Unit Mix: 3 bedrooms

Term of Restrictions: ___55___ years

Estimated Total Development Cost:	$8,600,000	
Estimated Hard Costs per Unit:	$52,700	($1,264,800 / 24 units)
Estimated per Unit Cost:	$358,333	($8,600,000 / 24 units)
Allocation per Unit:	$200,000	($4,800,000 / 24 units)
Allocation per Restricted Rental Unit:	$200,000	($4,800,000 / 24 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	$ 4,800,000	$ 1,061,917
Taxable Bond Proceeds	$ 0	$ 0
Deferred Developer Fee	$ 701,078	$ 275,652
LIH Tax Credit Equity	$ 648,922	$ 2,731,319
Direct & Indirect Public Funds	$ 2,450,000	$ 4,531,112
Other	$ 0	$ 0
Total Sources	$ 8,600,000	$ 8,600,000

Uses of Funds:	
Acquisition Costs	$ 4,610,000
On & Off Site Costs	$ 170,000
Hard Construction Costs	$ 1,094,800
Architect & Engineering Fees	$ 76,000
Contractor Overhead & Profit	$ 148,800
Developer Fee	$ 701,078
Relocation	$ 350,000
Cost of Issuance	$ 275,787
Capitalized Interest	$ 512,119
Other Soft Costs	$ 661,416
Total Uses	$ 8,600,000

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: 86.1 out of 128

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve $4,800,000 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:
    Non-Mixed Income Project
    Mixed Income Project
	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]	6.1
Gross Rents	5	5	0
Large Family Units	5	5	5
Leveraging	10	10	10
Exceeding Minimum Term of Restrictions	10	10	10
Community Revitalization Area	15	15	10
Site Amenities	10	10	10
Service Amenities	10	10	0
New Construction	10	10	0
Sustainable Building Methods	8	8	0
Negative Points	-10	-10	0
Total Points	**128**	**108**	**86.1**

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.