

**THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**  
**May 16, 2012**  
**Staff Report**  
**REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A**  
**QUALIFIED RESIDENTIAL RENTAL PROJECT**

*Prepared by: Richard Fischer*

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**Applicant:** California Statewide Communities Development Authority

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**Allocation Amount Requested:**  
**Tax-exempt:** \$6,300,000

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**Project Information:**  
**Name:** Paradise Arms  
**Project Address:** 5200 South Broadway  
**Project City, County, Zip Code:** Los Angeles, Los Angeles, 90037

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**Project Sponsor Information:**  
**Name:** Paradise Pacific Associates, a California L.P. (TPC Holdings V, LLC, Pacific West Communities, Inc. and New Life Economic Development, Inc.)  
**Principals:** Caleb Roope and Zack Deboi for TPC Holdings V, LLC and Pacific West Communities, Inc.; Peggy Hill and Allan Kokin for New Life Economic Development, Inc.  
**Property Management Company:** New Life Economic Development, Inc.

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**Project Financing Information:**  
**Bond Counsel:** Orrick, Herrington & Sutcliffe LLP  
**Underwriter:** Not Applicable  
**Credit Enhancement Provider:** Dougherty & Company (Fannie Mae Delegated Lender)  
**Private Placement Purchaser:** Dougherty & Company  
**TEFRA Hearing Date:** February 8, 2012

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**Description of Proposed Project:**  
**State Ceiling Pool:** General  
**Total Number of Units:** 42, plus 1 manager unit  
**Type:** Acquisition and Rehabilitation  
**Type of Units:** Family

Paradise Arms is a four story building, wood frame construction supported by a concrete podium. The project consists of a mix of 13 one-bedroom units, 15 two-bedroom units and 15 three-bedroom units. The rehabilitation will consist of new kitchen cabinets, countertops, appliances, sink/faucet, flooring and lighting. Bathrooms will be renovated to include new cabinets, tub enclosure and plumbing fixtures. Along with tankless hot water heaters, high efficiency HVAC units and new doors the Project will be receiving a new roof, updated landscaping, courtyard and new play equipment. Laundry facilities are located on each floor.

**Description of Public Benefits:**

**Percent of Restricted Rental Units in the Project:** 100%  
21% (9 units) restricted to 50% or less of area median income households.  
79% (33 units) restricted to 60% or less of area median income households.  
**Unit Mix:** 1, 2 & 3 bedrooms

There are no service amenities.

**Term of Restrictions:**

**Income and Rent Restrictions:** 55 years

**Details of Project Financing:**

**Estimated Total Development Cost:** \$ 12,806,020  
**Estimated Hard Costs per Unit:** \$ 42,013 (\$1,764,550 /42 units)  
**Estimated per Unit Cost:** \$ 304,905 (\$12,806,020 /42 units)  
**Allocation per Unit:** \$ 150,000 (\$6,300,000 /42 units)  
**Allocation per Restricted Rental Unit:** \$ 150,000 (\$6,300,000 /42 restricted units)

<b>Sources of Funds:</b>	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 6,300,000	\$ 2,400,000
Seller Carryback	\$ 0	\$ 1,650,000
LIH Tax Credit Equity	\$ 393,440	\$ 3,711,534
Direct & Indirect Public Funds	\$ 4,894,486	\$ 4,894,486
Other (Deferred Dev. Fee)	\$ 1,218,094	\$ 150,000
<b>Total Sources</b>	<b>\$ 12,806,020</b>	<b>\$ 12,806,020</b>

<b>Uses of Funds:</b>	
Land Purchase	\$ 7,860,000
On & Off Site Costs	\$ 6,000
Hard Construction Costs	\$ 1,758,550
Architect & Engineering Fees	\$ 100,000
Contractor Overhead & Profit	\$ 118,079
Developer Fee	\$ 1,518,094
Relocation	\$ 75,000
Cost of Issuance	\$ 335,665
Capitalized Interest	\$ 200,000
Other Soft Costs (Marketing, etc.)	\$ 834,632
<b>Total Uses</b>	<b>\$ 12,806,020</b>

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

Paradise Arms will be financed using a private-placement structure with Dougherty & Company LLC as a Fannie Mae delegated lender providing the credit enhancement attached to the tax-exempt bonds. The \$6,300,000 bond issuance through CSCDA (interest rate 5.5%, term 24 months) will only consist of tax-exempt debt with 100% of the proceeds immediately escrowed with a bond trustee to be drawn down on a monthly basis for the project. Additionally, the developers will be deferring \$1,218,094 of the developer fee during construction and there will be a seller Carryback note for \$1,650,000 (interest rate below 3%, term and amortization 40 years).

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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 120

[See Attachment A]

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**Recommendation:**

Staff recommends that the Committee approve \$6,300,000 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	5
Leveraging	10	10	10
Community Revitalization Area	15	15	0
Site Amenities	10	10	10
Service Amenities	10	10	0
New Construction	10	10	0
Sustainable Building Methods	10	10	0
Negative Points	-10	-10	0
<b>Total Points</b>	<b>120</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.