

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
December 5, 2007
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by Richard Fischer.

Applicant: California Municipal Finance Authority

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

Project Name: East Rancho Verde Apartments
Project Address: 8837 Grove Avenue
Project City, County, Zip Code: Rancho Cucamonga, San Bernardino, 91730

Project Sponsor Information:
Name: East Rancho Verde Housing Partners, L.P. (National Community Renaissance of California)
Principals: Jeffrey S. Burum, Rebecca F. Clark and Richard Whittingham

Project Financing Information:
Bond Counsel: Orrick, Herrington & Sutcliffe, LLC
Underwriter: Not Applicable
Private Placement Purchaser: Washington Mutual Bank, FA
TEFRA Hearing: July 20, 2007

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

Description of Public Benefits:
Percent of Restricted Rental Units in the Project: 82%
49% (19 units) restricted to 50% or less of area median income households; and
33% (13 units) restricted to 60% or less of area median income households.
Unit Mix: 3-bedrooms

Term of Restrictions: 55 years

Estimated Total Development Cost:	\$12,789,235
Estimated Hard Costs per Unit:	\$ 224,975 (\$8,774,029/39 units)
Estimated per Unit Cost:	\$ 327,929 (\$12,789,235/39 units)
Allocation per Unit:	\$ 179,487 (\$7,000,000/39 units)
Allocation per Restricted Rental Unit:	\$ 218,750 (\$7,000,000/32 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 7,000,000	\$ 1,722,000
Developer Equity	\$ 0	\$ 289,067
LIH Tax Credit Equity	\$ 619,631	\$ 3,178,168
Direct & Indirect Public Funds	<u>\$ 4,600,000</u>	<u>\$ 7,600,000</u>
Total Sources	\$12,219,631	\$12,789,235

Uses of Funds:	
Land Purchase	\$ 856,800
On-Site & Off-Site Costs	\$ 1,145,728
Hard Construction Costs	\$ 7,628,301
Architect & Engineering Fees	\$ 555,800
Contractor Overhead & Profit	\$ 655,663
Developer Fee	\$ 1,000,000
Cost of Issuance	\$ 54,454
Capitalized Interest	\$ 203,000
Other Soft Costs	<u>\$ 689,489</u>
Total Uses	\$12,789,235

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: 87.5 out of 128
[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$7,000,000 in tax-exempt bond allocation on a carryforward basis.

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
Gross Rents	5	5	5
Exceeding Minimum Rent Restrictions [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	0
Site Amenities	10	10	2.5
Service Amenities	10	10	10
Sustainable Building Methods	8	8	0
New Construction	10	10	10
Negative Points	NA	NA	NA
Total Points	128	108	87.5

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.