

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
July 16, 2008
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by Brady Hill.

Applicant: California Statewide Communities Development Authority

Allocation Amount Requested: Tax-exempt \$1,250,000

The amount of allocation requested is supplemental to the \$10,750,000 of allocation the Project received in March of 2008. According to the Project Sponsor, additional allocation is needed because the current tax-exempt bond allocation does not leave much cushion to meet the 50% test.

Project Name: Palomar Apartments
Project Address: 171 Palomar Street
Project City, County, Zip Code: Chula Vista, San Diego, 91911

Project Sponsor Information:
Name: Palomar VOA Affordable Housing, L.P.
(Palomar VOA Affordable Housing, Inc.)
Principals: Karen Dale and David Bowman

Project Financing Information:
Bond Counsel: Orrick, Herrington & Sutcliffe, LLP
Underwriter: Not applicable
Credit Enhancement Provider: Not applicable
Private Placement Purchaser: Wells Fargo Bank, N.A. (construction) / California
Community Reinvestment Corporation (permanent)
TEFRA Hearing: August 7, 2007

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 167, plus 1 manager unit
Type: Acquisition and Rehabilitation
Type of Units: Family

Description of Public Benefits:
Percent of Restricted Rental Units in the Project: 100%
31% (51 units) restricted to 50% or less of area median income households; and
69% (116 units) restricted to 60% or less of area median income households.
Unit Mix: 1, 2 and 3 bedrooms

Term of Restrictions: 55 years

Estimated Total Development Cost:	\$22,478,173
Estimated Hard Costs per Unit:	\$ 31,090 (\$5,192,072/167 units)
Estimated per Unit Cost:	\$ 134,600 (\$22,478,173/167 units)
Allocation per Unit:	\$ 71,856 (\$12,000,000/167 units)
Allocation per Restricted Rental Unit:	\$ 71,856 (\$12,000,000/167 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$12,000,000	\$11,000,000
Taxable Bond Proceeds	\$ 4,150,000	\$ 4,150,000
Developer Equity	\$ 1,066,813	\$ 1,066,813
LIH Tax Credit Equity	<u>\$ 3,201,299</u>	<u>\$ 6,261,360</u>
Total Sources	\$20,418,112	\$22,478,173

Uses of Funds:	
Acquisition Cost	\$11,793,147
On-Site & Off-Site Costs	\$ 252,099
Hard Construction Costs	\$ 4,939,973
Architect & Engineering Fees	\$ 190,750
Contractor Overhead & Profit	\$ 576,406
Developer Fee	\$ 1,837,500
Relocation	\$ 548,520
Cost of Issuance	\$ 288,591
Capitalized Interest	\$ 978,008
Other Soft Costs	<u>\$ 1,073,179</u>
Total Uses	\$22,478,173

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: 73 out of 128
[See Attachment A]

Recommendation:

Staff recommends that the Committee approve the supplemental request of \$1,250,000 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
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]	0
Exceeding Minimum Term of Restrictions	10	10	10
Large Family Units	5	5	0
Leveraging	10	10	10
Community Revitalization Area	15	15	0
Site Amenities	10	10	10
Service Amenities	10	10	0
Sustainable Building Methods	8	8	3
New Construction	10	10	0
Negative Points	NA	NA	0
Total Points	138	118	73

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.