

**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 Richard C. Fischer.*

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**Applicant:** California Housing Finance Agency

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**Allocation Amount Requested:** Tax-exempt \$7,425,000

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**Project Name:** Villa Mirage I and II Apartments  
**Project Address:** 34-160 Rebecca Way  
**Project City, County, Zip Code:** Rancho Mirage. Riverside, 92270

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**Project Sponsor Information:**  
**Name:** AFE Villa Mirage Associates, L.P. (AF Evans Company Inc. and The Trinity Housing Foundation.)  
**Principals:** Arthur F. Evans, Richard Bell, Maureen Drotleff, Richard Dishnica for AF Evans Company, Inc. and William M. Leone and Kevin Leong for Trinity Housing Foundation

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**Project Financing Information:**  
**Bond Counsel:** Orrick, Herrington & Sutcliffe, LLP  
**Underwriter:** CalHFA  
**Credit Enhancement Provider:** CalHFA  
**TEFRA Hearing:** April 21, 2008

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**Description of Proposed Project:**  
**State Ceiling Pool:** General  
**Total Number of Units:** 97, plus 1 manager unit  
**Type:** Acquisition and Rehabilitation  
**Type of Units:** Family

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**Description of Public Benefits:**  
**Percent of Restricted Rental Units in the Project: 100%**  
21% (20 units) restricted to 50% or less of area median income households; and  
79% (77 units) restricted to 60% or less of area median income households.  
**Unit Mix:** 2 and 3-bedrooms

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**Term of Restrictions:** 55 years

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|---|---|
| <b>Estimated Total Development Cost:</b>      | \$10,130,267                                |
| <b>Estimated Hard Costs per Unit:</b>         | \$ 15,000 (\$1,470,000 /97 units)           |
| <b>Estimated per Unit Cost:</b>               | \$ 103,370 (\$10,130,267/97 units)          |
| <b>Allocation per Unit:</b>                   | \$ 76,546 (\$7,425,000/97 units)            |
| <b>Allocation per Restricted Rental Unit:</b> | \$ 76,546 (\$7,425,000/97 restricted units) |

| <b>Sources of Funds:</b> | <u>Construction</u> | <u>Permanent</u>  |
|--------------------------|---------------------|-------------------|
| Tax-Exempt Bond Proceeds | \$7,425,000         | \$ 6,400,000      |
| Deferred Developer Fee   | \$ 0                | \$ 434,635        |
| LIH Tax Credit Equity    | \$ 733,761          | \$ 2,835,000      |
| NOI and Reserves         | <u>\$ 460,632</u>   | <u>\$ 460,632</u> |
| Total Sources            | \$8,619,393         | \$10,130,267      |

| <b>Uses of Funds:</b>              |                  |
|------------------------------------|------------------|
| Acquisition                        | \$ 5,777,283     |
| Relocation                         | \$ 49,000        |
| New Construction or Rehabilitation | \$ 1,732,405     |
| Architectural                      | \$ 21,000        |
| Survey & Engineering               | \$ 3,000         |
| Contingency Costs                  | \$ 177,000       |
| Construction Period Expenses       | \$ 314,125       |
| Permanent Financing Expenses       | \$ 10,563        |
| Legal Fees                         | \$ 60,000        |
| Capitalized Reserves               | \$ 593,832       |
| Reports & Studies                  | \$ 38,100        |
| Developer Costs                    | \$ 1,294,092     |
| Other                              | <u>\$ 59,867</u> |
| Total Uses                         | \$10,130,267     |

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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:** 70 out of 148 or 128  
[See Attachment A]

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**Recommendation:**

Staff recommends that the Committee approve \$7,425,000 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   | 30            |
| 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            |
| Exceeding Minimum Term of Restrictions  | 10   | 10   | 10            |
| Large Family Units  | 5  | 5  | 5             |
| Leveraging  | 10   | 10   | 0             |
| Community Revitalization Area   | 15   | 15   | 0             |
| Site Amenities  | 10   | 10   | 5             |
| Service Amenities   | 10   | 10   | 5             |
| Sustainable Building Methods  | 8  | 8  | 0             |
| New Construction  | 10   | 10   | 0             |
| Negative Points   | NA   | NA   | NA            |
| <b>Total Points</b>   | <b>148</b>   | <b>128</b>                                       | <b>70</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.