

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
December 16, 2009
Staff Report
**REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT**

Prepared by: Crystal Alvarez

Applicant: California Statewide Communities Development Authority

Allocation Amount Requested:
Tax-exempt: \$2,600,000

Project Information:
Name: Placer West Apartments
Project Address: 6055 Placer West Drive
Project City, County, Zip Code: Rocklin, Placer, 95677

Project Sponsor Information:
Name: Placer West Housing Partners, L.P. (Hearthstone Housing Foundation and Placer West Housing Management, LLC)
Principals: Stephen Whyte and Socorro Vasquez

Project Financing Information:
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Private Placement Purchaser: Bonneville Mortgage Company
TEFRA Hearing Date: November 10, 2009

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 43, plus 1 manager unit
Type: Acquisition and Rehabilitation
Type of Units: Family/Federally Assisted At-Risk

Description of Public Benefits:
Percent of Restricted Rental Units in the Project: 100%
12% (5 units) restricted to 50% or less of area median income households.
88% (38 units) restricted to 60% or less of area median income households.
Unit Mix: 1, 2 & 3 bedrooms

Term of Restrictions:
Income and Rent Restrictions: 55 years

Details of Project Financing:

| | | | |
|---|----|-----------|------------------------------------|
| Estimated Total Development Cost: | \$ | 5,083,776 | |
| Estimated Hard Costs per Unit: | \$ | 15,349 | (\$660,000 /43 units) |
| Estimated per Unit Cost: | \$ | 118,227 | (\$5,083,776 /43 units) |
| Allocation per Unit: | \$ | 60,465 | (\$2,600,000 /43 units) |
| Allocation per Restricted Rental Unit: | \$ | 60,465 | (\$2,600,000 /43 restricted units) |

| Sources of Funds: | <u>Construction</u> | <u>Permanent</u> |
|--------------------------------|---------------------|---------------------|
| Tax-Exempt Bond Proceeds | \$ 2,600,000 | \$ 2,600,000 |
| Existing RD 515 Loan | \$ 826,652 | \$ 826,652 |
| Developer Equity | \$ 18,381 | \$ 18,381 |
| LIH Tax Credit Equity | \$ 1,150,067 | \$ 1,150,067 |
| Direct & Indirect Public Funds | \$ 400,000 | \$ 400,000 |
| Pre-conversion Cash Flow | 66,245 | 66,245 |
| Replacement Reserves | \$ 22,432 | \$ 22,432 |
| Total Sources | \$ 5,083,777 | \$ 5,083,777 |

| Uses of Funds: | |
|------------------------------|---------------------|
| Acquisition Costs | \$ 3,100,000 |
| Hard Construction Costs | \$ 660,000 |
| Architect & Engineering Fees | \$ 20,000 |
| Contractor Overhead & Profit | \$ 52,800 |
| Developer Fee | \$ 559,790 |
| Relocation | \$ 10,000 |
| Cost of Issuance | \$ 95,360 |
| Capitalized Interest | \$ 23,382 |
| Other Soft Costs (Marketing) | \$ 562,444 |
| Total Uses | \$ 5,083,776 |

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: 61 out of 128

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$2,600,000 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 | 10 |
| Exceeding Minimum Income Restrictions: | 35 | 15 | 26 |
| Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Federally Assisted At-Risk Project or HOPE VI Project] | [10] | [10] | 0 |
| Gross Rents | 5 | 5 | 5 |
| 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 |
| New Construction | 10 | 10 | 0 |
| Sustainable Building Methods | 8 | 8 | 0 |
| Negative Points | -10 | -10 | 0 |
| Total Points | 128 | 108 | 61 |

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.