

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
March 21, 2007
Executive Summary
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by Sarah Lester.

Applicant: California Housing Finance Agency (CalHFA)

Allocation Amount Requested: Tax-exempt \$5,400,000

Project Name: **Diamond Aisle Apartments**
Project Address: 1232 W. Diamond Street; 1371 W. Wilshire Avenue
Project City, County, Zip Code: Anaheim, Orange, 92801-5917

Project Sponsor Information:
Name: Diamond Aisle, LP (JHC-Diamond Aisle, LLC and Jamboree Housing Corporation)
Principals: Laura Archuleta, Darren Montalvo and Scott Darrell for both entities

Project Financing Information:
Bond Counsel: Orrick, Herrington & Sutcliffe, LLP
Underwriter: Merrill Lynch & Company
Credit Enhancement Provider: California Housing Finance Agency
Private Placement Purchaser: Not Applicable
TEFRA Hearing: January 29, 2007

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 24, plus 1 manager unit
Type: New Construction
Type of Units: Family / Special Needs

Description of Public Benefits:
Percent of Restricted Rental Units in the Project: 100%
100% (24 units) restricted to 50% or less of area median income households.
Unit Mix: 1 and 2 bedrooms

Term of Restrictions: 55 years

Estimated Total Development Cost:	\$9,953,155
Estimated Hard Costs per Unit:	\$ 182,304 (\$4,375,290/24 units)
Estimated per Unit Cost:	\$ 399,715 (\$9,953,155/24 units)
Allocation per Unit:	\$ 225,000 (\$5,400,000/24 units)
Allocation per Restricted Rental Unit:	\$ 225,000 (\$5,400,000/24 restricted units)

The Project has total project costs that appear high for the geographic area in which it is located. The Project Sponsor states that prevailing wages and other soft costs are spread over 24 units and a 2,500 square foot community space. According to the Applicant, these factors contribute to the high cost per unit for the proposed Project.

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$5,400,000	\$ 770,000
Deferred Developer Fee	\$ 0	\$ 58,903
Developer Equity	\$ 0	\$ 15,000
LIH Tax Credit Equity	\$1,458,173	\$3,087,560
AHP Subsidy	\$ 100,960	\$ 100,960
Direct & Indirect Public Funds	\$ 0	\$3,360,732
Other (value of leased land)	<u>\$2,200,000</u>	<u>\$2,200,000</u>
Total Sources	<u>\$9,159,133</u>	<u>\$9,593,155</u>

Uses of Funds:	
Land Purchase	\$2,200,000
On-Site & Off-Site Costs	\$ 716,477
Hard Construction Costs	\$3,658,813
Architect & Engineering Fees	\$ 443,695
Contractor Overhead & Profit	\$ 545,735
Developer Fee	\$ 498,145
Other Soft Costs	<u>\$1,530,290</u>
Total Uses	<u>\$9,593,155</u>

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: 85 out of 128

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$5,400,000 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]	10
Large Family Units	5	5	0
Leveraging	10	10	10
Community Revitalization Area	15	15	0
Site Amenities	10	10	5
Service Amenities	10	10	10
Sustainable Building Methods	8	8	0
New Construction	10	10	10
Negative Points	NA	NA	0
Total Points	128	108	85

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.