

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
September 26, 2007
Executive Summary
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by Sarah Lester.

Applicant: California Municipal Financing Authority

Allocation Amount Requested: Tax-exempt \$50,500,000

Project Name: **La Quinta Dune Palms Apartments**
Project Address: Northwest Corner of Avenue 48 and Dune Palms Road
Project City, County, Zip Code: La Qunita, Riverside, 92253

Project Sponsor Information:
Name: Coachella Valley Housing Coalition
Principals: Laurence Cox, Brenda Rosales-Ricon, Sue Batts,
John Mealey and Pedro S. G. Rodriguez

Project Financing Information:
Bond Counsel: Jones Hall, A Professional Law Corporation
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Private Placement Purchaser: Citibank, N.A.
TEFRA Hearing: July 3, 2007

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 216, plus 2 manager units
Type: New Construction
Type of Units: Family

Description of Public Benefits:
Percent of Restricted Rental Units in the Project: 100%
100% (216 units) restricted to 50% or less of area median income households.
Unit Mix: 1, 2, 3 and 4 bedrooms

Term of Restrictions: 55 years

Estimated Total Development Cost:	\$90,659,913
Estimated Hard Costs per Unit:	\$ 298,299 (\$64,432,513/216 units)
Estimated per Unit Cost:	\$ 419,722 (\$90,659,913/216 units)
Allocation per Unit:	\$ 233,796 (\$50,500,000/216 units)
Allocation per Restricted Rental Unit:	\$ 233,796 (\$50,500,000/216 restricted units)

The Project has total project costs that appear high for the geographic area in which it is located. According to the Project Sponsor, the high cost is due to 1) Extraordinary amount of earthwork required on site (export amounts will be 130,000 cubic yards and must be excavated, hauled, and treated at the receiving locations); 2) prevailing wages-increases the development cost by 15-30%; 3) underground parking structures; 4) stringent design compatibility standards with developments in the neighborhood imposed by the City; and 5) minimum Silver certificate LEED Certification required by the City

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$50,500,000	\$ 4,515,000
Developer Equity	\$ 0	\$ 1,200,000
LIH Tax Credit Equity	\$ 7,550,000	\$43,691,478
Direct & Indirect Public Funds	\$30,153,435	\$41,153,435
Other (def. dev. fees)	<u>\$ 0</u>	<u>\$ 100,000</u>
Total Sources	\$88,203,435	\$90,659,913

Uses of Funds:	
Land Purchase	\$ 15,000
On-Site & Off-Site Costs	\$10,895,384
Hard Construction Costs	\$53,537,129
Architect & Engineering Fees	\$ 3,108,000
Contractor Overhead & Profit	\$ 7,937,270
Developer Fee	\$ 2,500,000
Cost of Issuance	\$ 384,654
Capitalized Interest	\$ 3,471,875
Other Soft Costs	<u>\$ 8,780,601</u>
Total Uses	\$90,659,913

The Project Sponsor has requested an exception to the \$30 million cap per project imposed by Section 17.IV of the CDLAC Procedures on the basis that the project cannot be developed in phases at a \$30 million level. In accordance with Section 17.IV.B, the Executive Director is recommending that the Committee approve the exception as requested.

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: 95.5 out of 128
[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$50,500,000 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	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	8
New Construction	10	10	10
Negative Points	NA	NA	0
Total Points	128	108	95.5

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.