

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
December 5, 2007
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 \$9,100,000

Project Name: **Horizons at Olive Street Apartments**
Project Address: NW corner of Olive Street and H Avenue
Project City, County, Zip Code: Hesperia, San Bernardino, 92345

The proposed Project is located in a Community Revitalization area, more specifically in the Hesperia's Redevelopment Project Area No. 1.

Project Sponsor Information:

Name: Hesperia Housing Investors, L.P. (TELACU Homes, Inc. and Multi-Housing Investments, LLC)
Principals: John Clem and Tom Provencio for TELACU Homes, Inc.; Michael A. Costa, Robert W. Tetrault, Yvonne Camacho, Mohannad H. Mohanna and Thomas E. Erickson for Multi-Housing Investments, LLC

Project Financing Information:

Bond Counsel: Orrick, Herrington & Sutcliffe, LLP
Underwriter: Not applicable
Credit Enhancement Provider: Not applicable
Private Placement Purchaser: Citigroup Global Markets, Inc.
TEFRA Hearing: October 3, 2007

Description of Proposed Project:

State Ceiling Pool: General
Total Number of Units: 66, plus 1 manager unit
Type: New Construction
Type of Units: Family

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
21% (14 units) restricted to 50% or less of area median income households; and
79% (52 units) restricted to 60% or less of area median income households.
Unit Mix: 2 and 3 bedrooms

Term of Restrictions: 55 years

Estimated Total Development Cost:	\$18,399,417
Estimated Hard Costs per Unit:	\$ 148,695 (\$9,816,855/66 units)
Estimated per Unit Cost:	\$ 278,779 (\$18,399,417/66 units)
Allocation per Unit:	\$ 137,879 (\$9,100,000/66 units)
Allocation per Restricted Rental Unit:	\$ 137,879 (\$9,100,000/66 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 9,100,000	\$ 4,464,125
Developer Equity	\$ 7,818,052	\$ 152,017
LIH Tax Credit Equity	\$ 0	\$ 6,533,275
Deferred Costs	\$ 1,481,365	\$ 0
Direct & Indirect Public Funds	<u>\$ 0</u>	<u>\$ 7,250,000</u>
Total Sources	\$18,399,417	\$18,399,417

Uses of Funds:	
Land Purchase	\$ 2,115,000
On-Site & Off-Site Costs	\$ 550,000
Hard Construction Costs	\$ 9,263,855
Architect & Engineering Fees	\$ 450,000
Contractor Overhead & Profit	\$ 701,625
Developer Fee	\$ 1,400,000
Cost of Issuance	\$ 541,706
Capitalized Interest	\$ 705,292
Other Soft Costs	<u>\$ 2,671,939</u>
Total Uses	\$18,399,417

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: 91.5 out of 128
[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$9,100,000 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	0
Exceeding Minimum Income Restrictions: Non-Mixed Income Project Mixed Income Project	35	15	31
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
Large Family Units	5	5	5
Leveraging	10	10	10
Community Revitalization Area	15	15	10
Site Amenities	10	10	7.5
Service Amenities	10	10	10
Sustainable Building Methods	8	8	3
New Construction	10	10	10
Negative Points	NA	NA	NA
Total Points	128	108	91.5

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.