

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
May 28, 2008
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by Richard C. Fischer .

Applicant: California Statewide Communities Development Authority

Allocation Amount Requested: Tax-exempt \$55,000,000

Project Name: **Eagle Victorville 492 LLC**
Project Address: Southwest corner of Seneca Road and Petaluma Road
Project City, County, Zip Code: Victorville, San Bernardino, 92392

Project Sponsor Information:
Name: Eagle Victorville 492 LLC (Eagle Real Estate Group, LLC)
Principals: Randall Friend

Project Financing Information:
Bond Counsel: Orrick, Herrington & Sutcliffe, LLP
Underwriter: PNC Bank, N.A.- Freddie Mac
Credit Enhancement Provider: PNC Bank, N.A.- Freddie Mac
TEFRA Hearing: April 22, 2008

Description of Proposed Project:
State Ceiling Pool: Mixed Income
Total Number of Units: 492, with 4 manager units
Type: New Construction
Type of Units: Family

Description of Public Benefits:
Percent of Restricted Rental Units in the Project: 20%
20% (99 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:	\$60,738,323
Estimated Hard Costs per Unit:	\$ 70,887 (\$34,876,500/492 units)
Estimated per Unit Cost:	\$ 123,452 (\$60,738,323/492 units)
Allocation per Unit:	\$ 111,789 (\$55,000,000/492 units)
Allocation per Restricted Rental Unit:	\$ 555,556 (\$55,000,000/99 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$55,000,000	\$55,000,000
Developer Equity	\$ 5,738,323	\$ 4,800,000
Deferred Developer Fee	<u>0</u>	<u>938,323</u>
Total Sources	\$60,738,323	\$60,738,323

Uses of Funds:	
Land Acquisition	\$ 3,775,000
New Construction	\$38,848,478
Architectural	\$ 482,000
Survey & Engineering	\$ 110,000
Contingency Costs	\$ 1,500,000
Construction Period Expenses	\$ 3,725,939
Permanent Financing Expenses	\$ 951,250
Legal Fees	\$ 175,000
Reports & Studies	\$ 40,000
Developer Costs	\$ 1,200,000
Other	<u>9,930,656</u>
	\$60,738,323

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 it does not loan itself to be developed in one phase.

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: 51.5 out of 108

[See Attachment A]

Recommendation:

Staff recommends that the Eagle Victorville 492, LLC Apartments not receive allocation approval at this (May) meeting but be deferred to the September 24, 2008 CDLAC Allocation meeting, based on the increased demand for allocation. The Qualified Residential Rental Pool (QRRP) was declared competitive at the April 16, 2008 CDLAC meeting.

Staff is recommending the deferral of the Mixed Income Project to insure that allocation is provided first to those projects that provide the greatest public benefits, and Mixed Income projects usually provide 20% affordability compared to 50% or more affordability for projects in the General Pool. The final CDLAC allocation meeting is September 24, 2008 at that meeting all remaining allocation from each CDLAC program Pool will be allocated, it is anticipated that the availability of allocation for Mixed Income projects will be greater in September.

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	6
Gross Rents	5	5	0
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	0
Community Revitalization Area	15	15	0
Site Amenities	10	10	7.5
Service Amenities	10	10	10
Sustainable Building Methods	8	8	8
New Construction	10	10	10
Negative Points	NA	NA	NA
Total Points	128	108	51.5

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.