

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
September 24, 2008
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: John Weir

Applicant: City of Lancaster

Allocation Amount Requested: **Tax-exempt:** \$6,000,000

Project Information:

Name: The Arbor on Date
Project Address: 44927 Date Ave
Project City, County, Zip Code: Lancaster, Los Angeles, 93534

The proposed Project is located in a Community Revitalization area, more specifically in The Lancaster Redevelopment Central Business District Project Area .

Project Sponsor Information:

Name: Grow a Pear, LP (InSite Development, LLC and Housing Corporation of America, Inc.)
Principals: Scott Williams, Dehua Chen and Steven Eglash for InSite Development, LLC. Ronald H. Olson and Carol Cromar for Housing Corporation of America, Inc.

Project Financing Information:

Bond Counsel: Stradling, Yocca, Carlson & Rauth
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Private Placement Purchaser: East West Bank & California Community Reinvestment Corp.
TEFRA Hearing: July 8th, 2008

Description of Proposed Project:

State Ceiling Pool: General
Total Number of Units: 39, plus 1 manager's unit
Type: New Construction
Type of Units: Family

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
82% (32 units) restricted to 50% or less of area median income households.
18% (7 units) restricted to 60% or less of area median income households.
Unit Mix: 3 bedrooms

Term of Restrictions: 55 years

| | | |
|---|--------------|-------------------------------------|
| Estimated Total Development Cost: | \$10,215,028 | |
| Estimated Hard Costs per Unit: | \$135,897 | (\$5,300,000 / 39 units) |
| Estimated per Unit Cost: | \$261,924 | (\$10,215,028 / 39 units) |
| Allocation per Unit: | \$153,846 | (\$6,000,000 / 39 units) |
| Allocation per Restricted Rental Unit: | \$153,846 | (\$6,000,000 / 39 restricted units) |

| Sources of Funds: | <u>Construction</u> | <u>Permanent</u> |
|---------------------------------------|----------------------|----------------------|
| Tax-Exempt Bond Proceeds | \$ 6,000,000 | \$ 2,100,000 |
| GP Bridge Loan/Deferred Developer Fee | \$ 954,296 | \$ 541,993 |
| LIH Tax Credit Equity | \$ 3,260,732 | \$ 3,623,035 |
| Direct & Indirect Public Funds | \$ | \$ 3,950,000 |
| Total Sources | \$ 10,215,028 | \$ 10,215,028 |

| Uses of Funds: | |
|------------------------------|----------------------|
| Acquisition Costs | \$ 275,029 |
| New Construction Costs | \$ 6,042,000 |
| Architectural | \$ 330,000 |
| Survey & Engineering | \$ 298,000 |
| Contingency Costs | \$ 368,000 |
| Construction Period Expenses | \$ 966,299 |
| Permanent Financing Expenses | \$ 75,000 |
| Legal Fees | \$ 58,288 |
| Capitalized Reserves | \$ 126,445 |
| Reports & Studies | \$ 50,000 |
| Other | \$ 404,067 |
| Development Costs | \$ 1,221,900 |
| Total Uses | \$ 10,215,028 |

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: 100 out of 138

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$6,000,000 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 |
| 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 | 5 |
| Leveraging | 10 | 10 | 10 |
| Exceeding Minimum Term of Restrictions | 10 | 10 | 10 |
| Community Revitalization Area | 15 | 15 | 15 |
| Site Amenities | 10 | 10 | 5 |
| Service Amenities | 10 | 10 | 0 |
| New Construction | 10 | 10 | 10 |
| Sustainable Building Methods | 8 | 8 | 5 |
| Negative Points | -10 | -10 | 0 |
| Total Points | 138 | 118 | 100 |

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.