

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: California Housing Finance Agency

Allocation Amount Requested: **Tax-exempt:** \$13,175,000

Project Information:

Name: Desert Palms Apartments
Project Address: 50600 Suncrest Street
Project City, County, Zip Code: Coachella, Riverside, 92236

The proposed Project is located in a Community Revitalization area, more specifically in the Coachella Redevelopment Agency, 2A - Redevelopment Project Area.

Project Sponsor Information:

Name: Coachella Leased Housing Associates I, LP (Polaris Holdings I, LLC & Central Valley Coalition for Affordable Housing)
Principals: Jack W. Safar, David L. Brierton, Armand E. Brachman, Paul R. Sween, Jeffrey R. Huggett, Mark S. Moorhouse & Christopher P. Barnes for Polaris Holdings I, LLC. Alan Jenkins, Sid McIntyre and Chris Alley for Central Valley Coalition for Affordable Housing.

Project Financing Information:

Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Underwriter: Merrill Lynch & Co., Inc.
Credit Enhancement Provider: California Housing Finance Agency
Private Placement Purchaser: Not Applicable
TEFRA Hearing: June 6th, 2008

Description of Proposed Project:

State Ceiling Pool: General
Total Number of Units: 111, plus 1 manager's unit
Type: Acquisition and Rehabilitation
Type of Units: Family/Federally At-Risk

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 95%
77% (85 units) restricted to 50% or less of area median income households.
19% (21 units) restricted to 60% or less of area median income households.
Unit Mix: 1, 2, 3 bedrooms

Term of Restrictions: 55 years

Estimated Total Development Cost:	\$17,275,603	
Estimated Hard Costs per Unit:	\$31,863	(\$3,536,842 / 111 units)
Estimated per Unit Cost:	\$155,636	(\$17,275,603 / 111 units)
Allocation per Unit:	\$118,694	(\$13,175,000 / 111 units)
Allocation per Restricted Rental Unit:	\$124,292	(\$13,175,000 / 106 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 13,175,000	\$ 6,225,000
Seller Reserves	\$ 333,731	\$ 333,731
Deferred Developer Fee	\$ 167,188	\$ 980,856
LIH Tax Credit Equity	\$ 752,700	\$ 5,018,000
Direct & Indirect Public Funds	\$ 500,000	\$ 4,443,000
Other (NOI)	\$ 273,762	\$ 274,730
Total Sources	\$ 15,202,381	\$ 17,275,317

Uses of Funds:	
Acquisition Costs	\$ 9,230,000
Rehabilitation Costs	\$ 4,063,045
Relocation	\$ 56,000
Architectural	\$ 176,280
Survey & Engineering	\$ 7,500
Contingency Costs	\$ 403,000
Construction Period Expenses	\$ 573,858
Permanent Financing Expenses	\$ 5,438
Legal Fees	\$ 220,000
Capitalized Reserves	\$ 514,933
Reports & Studies	\$ 28,400
Other	\$ 138,859
Developer Costs	\$ 1,858,290
Total Uses	\$ 17,275,603

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: 100.5 out of 138

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$13,175,000 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	10
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	0
Leveraging	10	10	10
Exceeding Minimum Term of Restrictions	10	10	10
Community Revitalization Area	15	15	15
Site Amenities	10	10	7.5
Service Amenities	10	10	5
New Construction	10	10	0
Sustainable Building Methods	8	8	3
Negative Points	-10	-10	0
Total Points	138	118	100.5

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.