

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: Sarah Lester

Applicant: California Statewide Communities Development Authority

Allocation Amount Requested: Tax-exempt: \$20,500,000

Project Information:

Name: Crossing West Apartments
Project Address: 8810 C Avenue
Project City, County, Zip Code: Hesperia, San Bernardino, 92345

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

Project Sponsor Information:

Name: Hesperia 225, LP (Investment Concepts, Inc.)
Principals: George Chami, Russ Khouri, Sandra Poiser, Kaye Richey, Sam Benz, George Chami, Jr., Grace Imamura, Darren Janger and George Mobayed

Project Financing Information:

Bond Counsel: Orrick, Herrington & Sutcliffe, LLP
Underwriter: Hutchinson, Shockey, Erley & Co.
Credit Enhancement Provider: MMA Financial, Inc. (Freddie Mac Enhancement)
Private Placement Purchaser: Not Applicable
TEFRA Hearing: August 5, 2008

Description of Proposed Project:

State Ceiling Pool: Mixed Income
Total Number of Units: 153, plus 1 manager's unit
Type: New Construction
Type of Units: Family

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 20%
20% (31 units) restricted to 50% or less of area median income households.
0% (0 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:	\$27,535,371	
Estimated Hard Costs per Unit:	\$112,248	(\$17,173,934 / 153 units)
Estimated per Unit Cost:	\$179,970	(\$27,535,371 / 153 units)
Allocation per Unit:	\$133,987	(\$20,500,000 / 153 units)
Allocation per Restricted Rental Unit:	\$661,290	(\$20,500,000 / 31 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 20,500,000	\$ 20,500,000
Taxable Bond Proceeds	\$ 0	\$ 0
Developer Equity	\$ 3,100,000	\$ 3,100,000
LIH Tax Credit Equity	\$ 0	\$ 0
Direct & Indirect Public Funds	\$ 0	\$ 2,000,000
Deferred Developer Fee	\$ 3,935,371	\$ 1,935,371
Total Sources	<u>\$ 27,535,371</u>	<u>\$ 27,535,371</u>

Uses of Funds:	
Land Value	\$ 3,100,000
On & Off Site Costs	\$ 4,861,434
Hard Construction Costs	\$ 12,312,500
Architect & Engineering Fees	\$ 194,000
Contractor Overhead & Profit	\$ 1,603,750
Developer Fee	\$ 2,500,000
Cost of Issuance	\$ 907,216
Capitalized Interest	\$ 1,454,580
Reserves	\$ 601,891
Total Uses	<u>\$ 27,535,371</u>

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: 61.6 out of 108

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$20,500,000 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	6.1
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Federally Assisted At-Risk Project or HOPE VI Project]	[10]	[10]	10
Gross Rents	5	5	5
Large Family Units	5	5	5
Leveraging	10	10	0
Exceeding Minimum Term of Restrictions	10	10	10
Community Revitalization Area	15	15	10
Site Amenities	10	10	2.5
Service Amenities	10	10	0
New Construction	10	10	10
Sustainable Building Methods	8	8	3
Negative Points	-10	-10	0
Total Points	128	108	61.6

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.