

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

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**Applicant:** California Statewide Communities Development Authority

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

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**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.

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**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

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**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

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**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

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**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

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**Term of Restrictions:** 55 years

<b>Estimated Total Development Cost:</b>	\$27,535,371	
<b>Estimated Hard Costs per Unit:</b>	\$112,248	(\$17,173,934 / 153 units)
<b>Estimated per Unit Cost:</b>	\$179,970	(\$27,535,371 / 153 units)
<b>Allocation per Unit:</b>	\$133,987	(\$20,500,000 / 153 units)
<b>Allocation per Restricted Rental Unit:</b>	\$661,290	(\$20,500,000 / 31 restricted units)

<b>Sources of Funds:</b>	Construction	Permanent
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
<b>Total Sources</b>	<b>\$ 27,535,371</b>	<b>\$ 27,535,371</b>

<b>Uses of Funds:</b>	
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
<b>Total Uses</b>	<b>\$ 27,535,371</b>

**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
<b>Total Points</b>	<b>128</b>	<b>108</b>	<b>61.6</b>

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.