

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
December 3, 2008
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Crystal Alvarez

Applicant: California Municipal Finance Authority

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

PROJECT ORIGINALLY RECEIVED ALLOCATED ON SEPTEMBER 24, 2008. APPLICANT REQUESTED AWARD DEFERRED TO DECEMBER 3, 2008 ALLOCATION MEETING.

Project Information:

Name: Rosa Gardens Apartments
Project Address: 555 Rosa Parks Road
Project City, County, Zip Code: Palm Springs, Riverside 92202

Project Sponsor Information:

Name: Desert Highlands Associates, L.P. (Tlaquepaque Housing
Principals: John Mealey, Lawrence Cox, Bob Wright, Jerod Pannell, Sue Batts and Pedro S.G. Rodriguez

Project Financing Information:

Bond Counsel: Jones Hall, A Professional Law Corporation
Underwriter: N/A
Credit Enhancement Provider: N/A
Private Placement Purchaser: Wells Fargo, N.A.
TEFRA Hearing: July 9, 2008

Description of Proposed Project:

State Ceiling Pool: General
Total Number of Units: 56, 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%
79% (44 units) restricted to 50% or less of area median income households.
21% (12 units) restricted to 60% or less of area median income households.
Unit Mix: 1, 2, 3 and 4 bedrooms

Term of Restrictions: 55 years

Estimated Total Development Cost:	\$21,159,893	
Estimated Hard Costs per Unit:	\$235,327	(\$13,178,294 / 56 units)
Estimated per Unit Cost:	\$377,855	(\$21,159,893 / 56 units)
Allocation per Unit:	\$232,143	(\$13,000,000 / 56 units)
Allocation per Restricted Rental Unit:	\$232,143	(\$13,000,000 / 56 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 13,000,000	\$ 1,700,000
Developer Equity -From Land	\$ 450,000	\$ 1,119,702
Deferred Developer Fee	\$ 0	\$ 375,000
LIH Tax Credit Equity	\$ 100,000	\$ 8,258,750
Direct & Indirect Public Funds	\$ 5,100,000	\$ 9,706,441
Other (developer take-back for land)	\$ 1,295,000	\$ 0
Total Sources	\$ 19,945,000	\$ 21,159,893

Uses of Funds:	
Land Purchase	\$ 1,755,000
On & Off Site Costs	\$ 3,300,535
Hard Construction Costs	\$ 9,877,759
Architect & Engineering Fees	\$ 1,023,610
Contractor Overhead & Profit	\$ 1,348,969
Developer Fee	\$ 1,400,000
Cost of Issuance	\$ 197,542
Capitalized Interest	\$ 540,016
Other Soft Costs (Marketing, etc.)	\$ 1,716,462
Total Uses	\$ 21,159,893

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 128

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$13,000,000 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]	10
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	0
Site Amenities	10	10	5
Service Amenities	10	10	10
New Construction	10	10	10
Sustainable Building Methods	8	8	0
Negative Points	-10	-10	0
Total Points	128	108	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.