

**THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**  
**December 3, 2008**  
**Staff Report**  
**2008 HOUSING ACT VOLUME CAP (H.R. 3221)**  
**REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A**  
**QUALIFIED RESIDENTIAL RENTAL PROJECT**

*Prepared by: John Weir*

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**Applicant:** California Statewide Communities Development Authority

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**Allocation Amount Requested:** **Tax-exempt:** \$14,175,000

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**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.

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**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 and Alan Jenkins, Sid McIntyre and Chris Alley for Central Valley Coalition for Affordable Housing.

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**Project Financing Information:**

**Bond Counsel:** Orrick, Herrington & Sutcliffe LLP  
**Underwriter:** Dougherty & Company, LLC  
**Credit Enhancement Provider:** Prudential Affordable Mortgage Corporation/Freddie Mac  
**Private Placement Purchaser:** Not Applicable  
**TEFRA Hearing:** November 25, 2008

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**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 Assisted At-Risk

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**Description of Public Benefits:**

**Percent of Restricted Rental Units in the Project:** 100%  
77% (85 units) restricted to 50% or less of area median income households.  
23% (26 units) restricted to 60% or less of area median income households.  
**Unit Mix:** 1, 2, and 3 bedrooms

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**Term of Restrictions:** 55 years

|   |              |                                       |
|---|--------------|---------------------------------------|
| <b>Estimated Total Development Cost:</b>      | \$18,126,530 |                                       |
| <b>Estimated Hard Costs per Unit:</b>         | \$31,863     | (\$3,536,842 / 111 units)             |
| <b>Estimated per Unit Cost:</b>               | \$163,302    | (\$18,126,530 / 111 units)            |
| <b>Allocation per Unit:</b>                   | \$127,703    | (\$14,175,000 / 111 units)            |
| <b>Allocation per Restricted Rental Unit:</b> | \$127,703    | (\$14,175,000 / 111 restricted units) |

| <b>Sources of Funds:</b>       | <u>Construction</u>  | <u>Permanent</u>     |
|--------------------------------|----------------------|----------------------|
| Tax-Exempt Bond Proceeds       | \$ 14,175,000        | \$ 7,000,000         |
| Seller Reserves                | \$ 333,731           | \$ 333,731           |
| Deferred Developer Fee         | \$ 0                 | \$ 1,169,557         |
| State LIHTC                    | \$ 150,555           | \$ 1,003,700         |
| LIH Tax Credit Equity          | \$ 598,215           | \$ 3,988,100         |
| Direct & Indirect Public Funds | \$ 500,000           | \$ 4,443,000         |
| Other (NOI)                    | \$ 188,442           | \$ 188,442           |
| <b>Total Sources</b>           | <b>\$ 15,945,943</b> | <b>\$ 18,126,530</b> |

| <b>Uses of Funds:</b>        |                      |
|------------------------------|----------------------|
| 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 | \$ 782,684           |
| Permanent Financing Expenses | \$ 189,648           |
| Legal Fees                   | \$ 305,000           |
| Capitalized Reserves         | \$ 546,012           |
| Reports & Studies            | \$ 49,500            |
| Other                        | \$ 424,073           |
| <b>Developer Costs</b>       | <b>\$ 1,893,788</b>  |
| <b>Total Uses</b>            | <b>\$ 18,126,530</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:** 100.5 out of 138

[See Attachment A]

**Recommendation:**

Staff recommends that the Committee approve \$14,175,000 in tax exempt bond allocation on a carry-forward basis.

**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:<br>Non-Mixed Income Project<br>Mixed Income Project  | 35   | 15   | 35            |
| Exceeding Minimum Rent Restrictions<br>[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             |
| <b>Total Points</b>   | <b>138</b>   | <b>118</b>                                       | <b>100.5</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.