

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE  
May 18, 2011  
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:** \$6,111,772

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**Project Information:**  
**Name:** Summer Park Apartments  
**Project Address:** Off Summer Lane/north of E. Washington Blvd.  
**Project City, County, Zip Code:** Crescent City, Del Norte, 95531

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**Project Sponsor Information:**  
**Name:** Summer Park Apartment Investors, LP (Community Revitalization and Development Corporation; Cyrus Youssefi; and Egis Group, Inc.)  
**Principals:** David Rutledge for Community Revitalization and Development Corporation; Cyrus Youssefi an individual; and John Cicerone for Egis Group, Inc.

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**Project Financing Information:**  
**Bond Counsel:** Orrick, Herrington & Sutcliffe LLP  
**Underwriter:** Chase Bank  
**Private Placement Purchaser:** JPMorgan Chase Bank, N.A.  
**TEFRA Hearing Date:** April 18, 2011

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**Description of Proposed Project:**  
**State Ceiling Pool:** Rural  
**Total Number of Units:** 56, plus 1 manager unit  
**Type:** New Construction  
**Type of Units:** Family

The proposed project will be a two-story level apartments complex (no elevator). The project will consist of 57 total units with a unit mix of 2-, 3-, and 4-bedroom unit types. Unit sizes will range from 677.5 square feet to 2,238 square feet. The project is designed to target large family households and is located in Del Norte County adjacent to the City of Crescent City.

**Description of Public Benefits:**

**Percent of Restricted Rental Units in the Project:** 100%  
36% (20 units) restricted to 50% or less of area median income households.  
64% (36 units) restricted to 60% or less of area median income households.  
**Unit Mix:** 2, 3 & 4 bedrooms

The proposed project will add 56 newly constructed affordable family units to the County of Del Norte. It is designed to target large family household with incomes no greater than 60% of the applicable median income. The project is a Rural Project and is using van or dial-a-ride service.

**Term of Restrictions:**

**Income and Rent Restrictions:** 55 years

**Details of Project Financing:**

<b>Estimated Total Development Cost:</b>	\$ 11,818,200	
<b>Estimated Hard Costs per Unit:</b>	\$ 129,996	(\$7,279,760 /56 units)
<b>Estimated per Unit Cost:</b>	\$ 211,039	(\$11,818,200 /56 units)
<b>Allocation per Unit:</b>	\$ 109,139	(\$6,111,772 /56 units)
<b>Allocation per Restricted Rental Unit:</b>	\$ 109,139	(\$6,111,772 /56 restricted units)

<b>Sources of Funds:</b>	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 6,111,772	\$ 2,058,977
LIH Tax Credit Equity	\$ 1,306,428	\$ 4,354,760
Direct & Indirect Public Funds	\$ 3,200,000	\$ 5,000,000
Other	\$ 1,200,000	\$ 404,463
<b>Total Sources</b>	<b>\$ 11,818,200</b>	<b>\$ 11,818,200</b>

<b>Uses of Funds:</b>	
Land Purchase	\$ 748,000
Hard Construction Costs	\$ 7,279,760
Architect & Engineering Fees	\$ 210,000
Contractor Overhead & Profit	\$ 510,400
Developer Fee	\$ 1,200,000
Cost of Issuance	\$ 30,000
Capitalized Interest	\$ 250,000
Other Soft Costs	\$ 1,590,040
<b>Total Uses</b>	<b>\$ 11,818,200</b>

**Description of Financial Structure and Bond Issuance:**

The bonds are being purchased in a private placement transaction by Chase Bank in the amount of \$6,111,772 at a rate of 3.00% in excess of the 1-month LIBOR rate as of the date that the loan documents are finalized for a term of 24 months for its own portfolio. Credit Enhancement will not be provided. The bond loan will be secured by the property. Cyrus Youssefi (co-general partner of project sponsor) will provide completion and repayment guarantees of the loan, to be released upon full repayment of the construction loan. The anticipated closing date is June 2011.

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**Analyst Comments:**

N/A

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**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.

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**Total Points:** 62.5 out of 118

[See Attachment A]

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**Recommendation:**

Staff recommends that the Committee approve \$6,111,772 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:	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	0
Large Family Units	5	5	5
Leveraging	10	10	10
Community Revitalization Area	15	15	0
Site Amenities	10	10	2.5
Service Amenities	10	10	0
New Construction	10	10	10
Sustainable Building Methods	8	8	0
Negative Points	-10	-10	0
<b>Total Points</b>	<b>118</b>	<b>98</b>	<b>62.5</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.