

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: Crystal Alvarez

Applicant: California Statewide Communities Development Authority

Allocation Amount Requested:
Tax-exempt: \$25,000,000

Project Information:
Name: Regent Square Apartments
Project Address: 527 West Regent Street
Project City, County, Zip Code: Inglewood, Los Angeles, 90301

Project Sponsor Information:
Name: Regent 145, L.P. (Inglewood Regent Square, LLC and Faithful Central Bible Church)
Principals: Todd Pratt and Dan Chandler for Inglewood Regent Square, LLC; Kenneth Ulmer, Marc Little and Steven Johnson for Faithful Central Bible Church

Project Financing Information:
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Private Placement Purchaser: Citibank, N.A.
TEFRA Hearing Date: February 8, 2011

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 143, plus 2 manager units
Type: New Construction
Type of Units: Family

Regent Square is a new construction multi-family community. The target population for the project will be families in most units, but there will be single individuals occupying some of the units (particularly the one-bedroom units). The development amenities will include Resort style pool, spa, security entry, study hall, tutoring center, library, computer room, community center, landscaped courtyard, fitness center, covered parking, picnic/BBQ area, daycare center, tot lot, leasing office and on-site property manager.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%

19% (27 units) restricted to 50% or less of area median income households.

81% (116 units) restricted to 60% or less of area median income households.

Unit Mix: 1, 2 & 3 bedrooms

The 145 rental units consist of: 1 studio, 36 one-bedrooms, 99 two-bedrooms, 7 three-bedrooms, and a two-bedroom manager unit. The project sponsor has committed to providing after school programs and educational classes for a period of 10 years.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$ 45,464,967	
Estimated Hard Costs per Unit:	\$ 149,015	(\$21,309,181 /143 units)
Estimated per Unit Cost:	\$ 317,937	(\$45,464,967 /143 units)
Allocation per Unit:	\$ 174,825	(\$25,000,000 /143 units)
Allocation per Restricted Rental Unit:	\$ 174,825	(\$25,000,000 /143 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 25,000,000	\$ 6,850,000
Developer Equity	\$ 4,871,000	\$ 4,871,000
Deferred Developer Fee	\$ 2,075,378	\$ 1,838,445
LIH Tax Credit Equity	\$ 2,707,104	\$ 13,535,522
Direct & Indirect Public Funds	\$ 10,811,485	\$ 18,370,000
Total Sources	\$ 45,464,967	\$ 45,464,967

Uses of Funds:	
Land Purchase	\$ 4,884,667
On & Off Site Costs	\$ 600,000
Hard Construction Costs	\$ 20,709,181
Construction Contingency	\$ 1,225,668
Contractor Overhead & Profit	\$ 2,899,285
Developer Fee	\$ 2,500,000
Cost of Issuance	\$ 873,500
Capitalized Interest	\$ 3,441,101
Other Soft Costs	\$ 8,044,565
Demolition	\$ 287,000
Total Uses	\$ 45,464,967

Description of Financial Structure and Bond Issuance:

Regent Square Apartments will be financed using a combination of sources. The sources of funds will include tax-exempt bonds, affordable housing tax credit equity, a residual receipts loan from the City of Inglewood, deferred developer fee and developer equity. The interest rate during construction is expected to be at the SIFMA base rate plus 325 basis points. The tax-exempt bonds will carry a fixed interest rate during the permanent phase. The interest rate during the permanent phase is expected to be 6.42%. The amortization period is 35 years and the loan term is 15 years.

Analyst Comments:

Not Applicable

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: 69.5 out of 118

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$25,000,000 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:	35	15	29
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	5
Large Family Units	5	5	0
Leveraging	10	10	0
Community Revitalization Area	15	15	0
Site Amenities	10	10	7.5
Service Amenities	10	10	10
New Construction	10	10	10
Sustainable Building Methods	8	8	8
Negative Points	-10	-10	0
Total Points	118	98	69.5

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.