

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
July 20, 2011
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Richard Fischer

Applicant: California Statewide Communities Development Authority

Allocation Amount Requested:
Tax-exempt: \$6,000,000

Project Information:
Name: Market Park Apartments
Project Address: 601 North Market Street
Project City, County, Zip Code: Inglewood, Los Angeles, 90302

Project Sponsor Information:
Name: Market Park Partners, LP (Pacific Housing, Inc.)
Principals: Mark Wiese for Pacific Housing, Inc.
Property Management Company: Pacific Housing, Inc.

Project Financing Information:
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Underwriter: Muni CCC Banking Project Finance
Credit Enhancement Provider: Citibank, N.A./ Freddie Mac
TEFRA Hearing Date: April 19, 2011

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 49, plus 1 manager unit
Type: Acquisition and Rehabilitation
Type of Units: Family/Federally Assisted At-Risk

Market Park Apartments is a rehabilitation HUD Section 8 At-Risk project consisting of 12 one-bedroom, 35 two-bedroom and 2 two-bedroom townhome units for a total of 49 units plus 1 two-bedroom manager unit. This project is comprised of 4 three-story buildings located on the southwest side of North Market Street. The Project is a garden style wood frame construction complex with a flat roof and clay tile mansards. The rehabilitation of all units will take place as they become available and also includes the installation of a new tot lot.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
31% (15 units) restricted to 50% or less of area median income households.
69% (34 units) restricted to 60% or less of area median income households.
Unit Mix: 1 & 2 bedrooms

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$	8,300,000	
Estimated Hard Costs per Unit:	\$	21,796	(\$1,068,000 /49 units)
Estimated per Unit Cost:	\$	169,388	(\$8,300,000 /49 units)
Allocation per Unit:	\$	122,449	(\$6,000,000 /49 units)
Allocation per Restricted Rental Unit:	\$	122,449	(\$6,000,000 /49 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 6,000,000	\$ 6,000,000
Developer Equity	\$ 200,000	\$ 0
LIH Tax Credit Equity	\$ 2,100,000	\$ 2,300,000
Total Sources	\$ 8,300,000	\$ 8,300,000

Uses of Funds:	
Land Purchase	\$ 5,000,000
On & Off Site Costs	\$ 90,000
Hard Construction Costs	\$ 978,050
Architect & Engineering Fees	\$ 20,000
Contractor Overhead & Profit	\$ 85,000
Developer Fee	\$ 940,000
Relocation	\$ 15,000
Cost of Issuance	\$ 120,000
Capitalized Interest	\$ 35,000
Other Soft Costs (Marketing, etc.)	\$ 1,016,950
Total Uses	\$ 8,300,000

Description of Financial Structure and Bond Issuance:

Citibank, N.A. will service the loan and provide a Freddie Mac credit enhancement and liquidity facility. The Credit Facility will provide credit enhancement and liquidity support for tax-exempt bonds to be issued by the CSCDA. Citibank shall obtain a commitment from Freddie Mac in respect of the Credit Facility upon request of the Borrower. Upon the issuance of the bonds, Freddie Mac will issue its Credit Facility to support the Bonds. The mortgage interest note evidencing the permanent loan will be unrated and carry a 6.75% fixed interest rate and will be amortized over 35 years. The anticipated closing date of the bonds is September 2011.

Analyst Comments:

None.

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:

63 out of 128

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$6,000,000 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	10
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	5
Large Family Units	5	5	0
Leveraging	10	10	0
Community Revitalization Area	15	15	0
Site Amenities	10	10	10
Service Amenities	10	10	0
New Construction	10	10	0
Sustainable Building Methods	8	8	3
Negative Points	-10	-10	0
Total Points	128	108	63

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.