

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
September 28, 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: \$6,000,000

Project Information:
Name: Eucalyptus Village II Apartments
Project Address: 508 Dublin Manor Court
Project City, County, Zip Code: Bakersfield, Kern, 93306

Project Sponsor Information:
Name: 508 Dublin Manor Court, L.P. (Corporation for Better Housing)
Principals: Gwendy Silver Egnater and David Scalfani
Property Management Company: CBH Property Management, LLC

Project Financing Information:
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Private Placement Purchaser: Hunt Capital Partners, LLC
TEFRA Hearing Date: August 9, 2011

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 58, plus 2 manager units
Type: New Construction
Type of Units: Family

The proposed property will consist of eight existing buildings that are part of a failed condominium project (which was never occupied) and one new construction building. The units will be contained in one new construction three-story corridor building and eight existing recently completed two-story buildings. The project will be Phase II of the proposed Eucalyptus Village both phases will be completed concurrently. All apartments units will be designed for energy efficiency and include energy efficient appliances. The residents will benefit from the following amenities: laundry facilities, a perimeter fence, gated entry, one-story clubhouse/community building with common kitchen, computer room with high-speed internet connection, barbeque area, playground, a tot lot and on-site management.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
78% (45 units) restricted to 50% or less of area median income households.
22% (13 units) restricted to 60% or less of area median income households.
Unit Mix: 1, 2 & 3 bedrooms

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$ 10,609,832	
Estimated Hard Costs per Unit:	\$ 64,088	(\$3,717,123 /58 units)
Estimated per Unit Cost:	\$ 182,928	(\$10,609,832 /58 units)
Allocation per Unit:	\$ 103,448	(\$6,000,000 /58 units)
Allocation per Restricted Rental Unit:	\$ 103,448	(\$6,000,000 /58 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 6,000,000	\$ 1,569,000
Developer Equity	\$ 0	\$ 247,923
LIH Tax Credit Equity	\$ 385,221	\$ 2,292,909
Direct & Indirect Public Funds	\$ 3,800,000	\$ 6,500,000
Total Sources	\$ 10,185,221	\$ 10,609,832

Uses of Funds:	
Land Purchase	\$ 907,940
On & Off Site Costs	\$ 334,947
Hard Construction Costs	\$ 3,382,176
Architect & Engineering Fees	\$ 108,000
Contractor Overhead & Profit	\$ 242,900
Developer Fee	\$ 800,000
Cost of Issuance	\$ 183,000
Capitalized Interest	\$ 257,580
Other Soft Costs (Marketing, etc.)	\$ 4,393,289
Total Uses	\$ 10,609,832

Description of Financial Structure and Bond Issuance:

The project will be financed using tax-exempt bonds, a Home Loan funds, NSP loan and an equity investor. Hunts Capital Partners, LLC will purchase the tax-exempt bonds in a private placement structure. The construction phase loan shall be for a period of 3 months but no longer than 24 months. The interest rate will be variable at SIFMA plus 450 basis points. Upon conversion the permanent loan will be locked based on a spread of approximately 300 basis points above the 10-year Treasury Bill. The permanent loan will have a term of 18 years with an amortization schedule of 30 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:

65 out of 118

[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	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	5
Large Family Units	5	5	5
Leveraging	10	10	10
Community Revitalization Area	15	15	0
Site Amenities	10	10	0
Service Amenities	10	10	0
New Construction	10	10	10
Sustainable Building Methods	8	8	0
Negative Points	-10	-10	0
Total Points	118	98	65

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.