

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
November 16, 2011
Staff Report
**REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT**

Prepared by: Sarah Lester

Applicant: California Statewide Communities Development Authority

Allocation Amount Requested:
Tax-exempt: \$1,967,515

Project Information:
Name: Shady Lane Apartments
Project Address: 2401 Shady Lane
Project City, County, Zip Code: Anderson, Shasta, 96007

Project Sponsor Information:
Name: Shady Lane Partners, LP (Community Revitalization and Development Corporation and Cyrus Youssefi).
Principals: David Rutledge for Community Revitalization and Development Corporation and Cyrus Youssefi
Property Management Company: C.F.Y. Development, Inc.

Project Financing Information:
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Private Placement Purchaser: JPMorgan Chase Bank, N.A.
TEFRA Hearing Date: October 4, 2011

Description of Proposed Project:
State Ceiling Pool: Rural
Total Number of Units: 33, plus 1 manager unit
Type: Acquisition and Rehabilitation
Type of Units: Family

The proposed acquisition and rehabilitation project is an existing property located on approximately 2.16 acres in the City of Anderson. The site currently contains nine buildings, seven of which are low income multi-family apartments and two separate one-story buildings that contain the property management office as well as a community laundry room. The project consists of 34 total units including one manager unit and 33 restricted units targeting large family tenants. The rehabilitation is anticipated to begin in January 2012 and will be completed by December 2012.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%

58% (19 units) restricted to 50% or less of area median income households.

42% (14 units) restricted to 60% or less of area median income households.

Unit Mix: 1, 2 & 3 bedrooms

There will be no service included in the project.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$ 3,611,590	
Estimated Hard Costs per Unit:	\$ 30,703	(\$1,013,200 /33 units)
Estimated per Unit Cost:	\$ 109,442	(\$3,611,590 /33 units)
Allocation per Unit:	\$ 59,622	(\$1,967,515 /33 units)
Allocation per Restricted Rental Unit:	\$ 59,622	(\$1,967,515 /33 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 1,967,515	\$ 936,650
Deferred Developer Fee	\$ 299,889	\$ 159,885
LIH Tax Credit Equity	\$ 118,985	\$ 1,189,854
Direct & Indirect Public Funds	\$ 1,225,201	\$ 1,225,201
Other (Existing Reserves)	\$ 0	\$ 100,000
Total Sources	\$ 3,611,590	\$ 3,611,590

Uses of Funds:	
Acquisition Cost	\$ 1,556,201
Hard Construction Costs	\$ 1,013,200
Architect & Engineering Fees	\$ 25,000
Contractor Overhead & Profit	\$ 74,800
Developer Fee	\$ 299,889
Relocation	\$ 20,000
Cost of Issuance	\$ 158,500
Capitalized Interest	\$ 75,000
Other Soft Costs (Marketing, etc.)	\$ 389,000
Total Uses	\$ 3,611,590

Description of Financial Structure and Bond Issuance:

The proposed project will be structured as a private placement transaction provided by JPMorgan Chase Bank, N.A. for a construction and permanent loan. The construction loan will be for \$1,967,515 which is the total of the tax-exempt bond request to be issued by the California Statewide Communities Development Authority. The interest rate on the construction loan will be one-month LIBOR plus 3.00% multiplied by the Bank's tax exempt factor, adjusted monthly on a 360 day basis. The construction period will last for 18 months. The monthly payment on the construction loan will be interest only on funds as disbursed until maturity. The permanent loan will be locked at construction loan closing and will carry an interest rate of approximately 5.60% if the loan were to be funded today. The term of the permanent loan will be 18 years with a 30 year amortization, commencing

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: 62.5 out of 118

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$1,967,515 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	7.5
Service Amenities	10	10	0
New Construction	10	10	0
Sustainable Building Methods	8	8	0
Negative Points	-10	-10	0
Total Points	118	98	62.5

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.