

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: Richard Fischer

Applicant: California Affordable Housing Agency

Allocation Amount Requested:
Tax-exempt: \$12,765,000

Project Information:
Name: Trans Pacific Gardens II Apartments
Project Address: 729 Nord Avenue
Project City, County, Zip Code: Chico, Butte, 95926

Project Sponsor Information:
Name: DHI Trans Pacific Gardens Associates, LP (DHI Broadway Associates, LLC and Community Resident Services, Inc.)
Principals: Thomas Dawson and Tim Fluetsch for DHI Broadway Associates, LLC and Christina Breiner for Community Resident Services, Inc.
Property Management Company: U.S. Residential Group

Project Financing Information:
Bond Counsel: Jones Hall, A Professional Law Corporation
Credit Enhancement Provider: Not Applicable
Private Placement Purchaser: Pembroke Multifamily Capital, LLC
TEFRA Hearing Date: September 6, 2011

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 162, plus 2 manager units
Type: Acquisition and Rehabilitation
Type of Units: Family/Federally Assisted At-Risk

This is an existing Section 8 facility with the HUD contract expiration of 11/1/2011. Rehabilitation work will be on the 15 existing two story walk up buildings, single story community building housing the laundry room and furnace room and maintenance shop. The common areas include 3 playgrounds and three laundry rooms. There are 295 uncovered parking spaces.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
30% (49 units) restricted to 50% or less of area median income households.
70% (113 units) restricted to 60% or less of area median income households.
Unit Mix: 1 & 2 bedrooms

Included service amenities of providing educational classes (such as English as a second language classes, computer training, etc.) but which are not the same as after school programs.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost: \$ 16,852,231
Estimated Hard Costs per Unit: \$ 21,793 (\$3,530,416 /162 units)
Estimated per Unit Cost: \$ 104,026 (\$16,852,231 /162 units)
Allocation per Unit: \$ 78,796 (\$12,765,000 /162 units)
Allocation per Restricted Rental Unit: \$ 78,796 (\$12,765,000 /162 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 12,765,000	\$ 10,765,000
Deferred Developer Fee	\$ 1,914,054	\$ 726,527
LIH Tax Credit Equity	\$ 1,948,904	\$ 4,789,973
Other (Net cash flow during rehab)	\$ 224,273	\$ 570,731
Total Sources	\$ 16,852,231	\$ 16,852,231

Uses of Funds:	
Land Purchase	\$ 9,328,500
Hard Construction Costs	\$ 3,530,416
Architect & Engineering Fees	\$ 10,400
Contractor Overhead & Profit	\$ 336,792
Developer Fee	\$ 1,914,054
Relocation	\$ 122,500
Cost of Issuance	\$ 471,471
Capitalized Interest	\$ 217,151
Other Soft Costs (Marketing, etc.)	\$ 920,947
Total Uses	\$ 16,852,231

Description of Financial Structure and Bond Issuance:

Pembrook Multifamily Capital, LLC will be providing a loan for \$12,765,000 and will bear a 6% interest with required monthly payments based on a 35 year amortization schedule. At the end of 16 months, the loan will be paid down \$ 2,000,000 to \$10,765,000. The loan is repayable at the end of 17 years. This is a private placement

Analyst Comments:

First California Affordable Housing Agency application.

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: 65.5 out of 128

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$12,765,000 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	7.5
Service Amenities	10	10	5
New Construction	10	10	0
Sustainable Building Methods	8	8	3
Negative Points	-10	-10	0
Total Points	128	108	65.5

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.