

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: Annie Ong

Applicant: California Statewide Communities Development Authority

Allocation Amount Requested:
Tax-exempt: \$7,393,772

Project Information:
Name: Portola Terrace Apartments
Project Address: 28673, 28681, 28701 Pujol Street
Project City, County, Zip Code: Temecula, Riverside, 92590

Project Sponsor Information:
Name: AMCAL Pujol Funds, L.P. (AMCAL Multi-Housing, Inc. and Las Palmas Foundation)
Principals: AMCAL Multi-Housing, Inc.: Percival Vaz, Arjun Nagarkatti, Luxmi Vaz
Las Palmas Foundation: Joseph M. Michaels, Victor Barone, Donald J. Regan
Property Management Company: FPI Management, Inc.

Project Financing Information:
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Underwriter:
Credit Enhancement Provider: Not Applicable
Private Placement Purchaser: Citibank, N.A.
TEFRA Hearing Date: August 23, 2011

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 44, plus 1 manager unit
Type: New Construction
Type of Units: Family

The proposed project is a 45 unit new construction project consisting of 44 restricted units and 1 manager unit located in the City of Temecula. The unit mix is of 30 two-bedroom units and 14 three-bedroom units. The project will target families earning up to 60% of the area median income for Riverside County. The Project site is located on 3 parcels totaling about 1.53 acres. The Project site currently contains two single-story, single family homes, a mobile home trailer, and un-used convenience store, and two small wood sheds. One home is currently occupied and the others are vacant. According to the application, construction is slated to begin in February of 2012 with completion in May of 2013.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
11% (5 units) restricted to 50% or less of area median income households.
89% (39 units) restricted to 60% or less of area median income households.
Unit Mix: 2 & 3 bedrooms

The Project will offer educational classes and a bona fide service coordinator/social worker.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost: \$ 12,881,974
Estimated Hard Costs per Unit: \$ 142,224 (\$6,257,867 /44 units)
Estimated per Unit Cost: \$ 292,772 (\$12,881,974 /44 units)
Allocation per Unit: \$ 168,040 (\$7,393,772 /44 units)
Allocation per Restricted Rental Unit: \$ 168,040 (\$7,393,772 /44 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 7,393,772	\$ 2,129,907
Developer Equity	\$ 937,150	\$ 400,000
LIH Tax Credit Equity	\$ 715,960	\$ 4,773,067
Direct & Indirect Public Funds	\$ 3,737,930	\$ 5,579,000
Other: Operating Reserve	\$ 97,162	\$ 0
Total Sources	<u>\$ 12,881,974</u>	<u>\$ 12,881,974</u>

Uses of Funds:	
Land Purchase	\$ 1,072,968
Hard Construction Costs	\$ 6,257,867
Architect & Engineering Fees	\$ 825,000
Contractor Overhead & Profit	\$ 500,629
Developer Fee	\$ 1,442,876
Cost of Issuance	\$ 343,929
Capitalized Interest	\$ 443,071
Other Soft Costs (Marketing, etc.)	\$ 1,995,634
Total Uses	<u>\$ 12,881,974</u>

Description of Financial Structure and Bond Issuance:

The Project will be financed using a private placement of tax-exempt bonds. Citibank, N.A. will purchase the bonds with proceeds to be used to finance the construction and permanent mortgage for the development. The tax-exempt bonds totaling \$7,393,772 will be categorized into two tranches: Tranche A of \$2,129,907 represents the long term portion of the debt and Tranche B of \$ 5,263,865 represents the additional funds that are required during construction. Tranche A shall bear interest at a fixed rate, which shall be the sum of 2029 maturity "AAA bond rate as published by Thompson Municipal Market Data plus a spread of 2.5%. The loan will be amortized over 35 years. Tranche B will be paid off at permanent conversion with tax credit equity and other soft funding. The tax-exempt bonds shall bear interest at a variable rate of SIFMA plus a margin of 300 bps. The Redevelopment Agency of the City of Temecula is providing a grant of \$5,579,000.

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:

101.5 out of 118

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$7,393,772 in tax exempt bond allocation on a carryforward basis.

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	26
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Federally Assisted At-Risk Project or HOPE VI Project]	[10]	[10]	10
Gross Rents	5	5	5
Large Family Units	5	5	5
Leveraging	10	10	10
Community Revitalization Area	15	15	10
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	101.5

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.