

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
December 14, 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: \$11,487,945

Project Information:
Name: Ramona Park Senior Apartments
Project Address: 3290 East Artesia Boulevard
Project City, County, Zip Code: Long Beach, Los Angeles, 90805

Project Sponsor Information:
Name: Long Beach Artesia, L.P. (Palm Desert Development Company and Western Community Housing, Inc.)
Principals: Danavon L. Horn and Todd A. Deutscher for Palm Desert Development Company; Graham F. Espley-Jones for Western Community Housing, Inc.
Property Management Company: Barker Management Company

Project Financing Information:
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Private Placement Purchaser: Bank of America, N.A. (construction)/California Community Reinvestment Corporation (permanent)
TEFRA Hearing Date: August 16, 2011

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 60, plus 1 manager unit
Type: New Construction
Type of Units: Senior Citizens

The site acreage is 1.71 and is within the North Long Beach Project Redevelopment Area. The project consists of 49 one-bedroom units and 11 two-bedroom units, plus one manager unit. The units are configured in a single three story podium building. The anticipated construction period is approximately 16 months, followed by a lease-up period of 3 months. The community center will provide indoor communal space including a kitchen, library, gym, computer lab, dining area, entertainment area and public restrooms.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
70% (42 units) restricted to 50% or less of area median income households.
30% (18 units) restricted to 60% or less of area median income households.
Unit Mix: 1 & 2 bedrooms

The project sponsor has committed to providing educational classes and a contract for services free of charge for a period of 10 years.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost: \$ 22,816,457
Estimated Hard Costs per Unit: \$ 163,966 (\$9,837,975 /60 units)
Estimated per Unit Cost: \$ 380,274 (\$22,816,457 /60 units)
Allocation per Unit: \$ 191,466 (\$11,487,945 /60 units)
Allocation per Restricted Rental Unit: \$ 191,466 (\$11,487,945 /60 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 11,487,945	\$ 1,283,507
Taxable Bond Proceeds	\$ 1,500,000	\$ 1,500,000
Developer Equity	\$ 797,903	\$ 620,777
LIH Tax Credit Equity	\$ 350,609	\$ 7,012,173
Direct & Indirect Public Funds	\$ 8,680,000	\$ 12,400,000
Total Sources	\$ 22,816,457	\$ 22,816,457

Uses of Funds:	
Land Purchase	\$ 5,370,000
On & Off Site Costs	\$ 1,557,156
Hard Construction Costs	\$ 8,280,819
Architect & Engineering Fees	\$ 853,000
Contractor Overhead & Profit	\$ 735,601
Developer Fee	\$ 2,092,092
Cost of Issuance	\$ 370,557
Capitalized Interest	\$ 728,522
Other Soft Costs (Marketing, etc.)	\$ 2,828,710
Total Uses	\$ 22,816,457

Description of Financial Structure and Bond Issuance:

The project will be financed using tax-exempt bonds, low-income housing tax credit equity, a Redevelopment Loan and a deferred developer fee. The bonds will be structured as a Private Placement with Bank of America (construction) and California Communities Reinvestment Corporation (permanent). The tax-exempt bonds will carry a variable rate during construction equal to the LIBOR plus 3.0% for a term of 24 months. The permanent bonds will be for a term of 15 years and a amortization of 30 years commencing upon the conversion of the construction bonds at stabilization. The interest rate is equal to the 15-year AAA muni bonds index plus 175 bps.

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: 95 out of 118
[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$11,487,945 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]	10
Gross Rents	5	5	5
Large Family Units	5	5	0
Leveraging	10	10	10
Community Revitalization Area	15	15	10
Site Amenities	10	10	5
Service Amenities	10	10	10
New Construction	10	10	10
Sustainable Building Methods	8	8	0
Negative Points	-10	-10	0
Total Points	118	98	95

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.