

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: Sarah Lester

Applicant: City of Buena Park

Allocation Amount Requested:
Tax-exempt: \$12,500,000

Project Information:
Name: La Palma Apartment Homes
Project Address: 8850 La Palma Avenue
Project City, County, Zip Code: Buena Park, Orange, 90620

Project Sponsor Information:
Name: To be determined (Jamboree Housing Corporation)
Principals: Laura Archuleta, Marcy Torres and Michael Massie for Jamboree Housing Corporation
Property Management Company: John Stewart Company

Project Financing Information:
Bond Counsel: Jones Hall, A Professional Law Corporation
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Private Placement Purchaser: U.S. Bank
TEFRA Hearing Date: August 23, 2011

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 69, plus 1 manager unit
Type: New Construction
Type of Units: Family

The proposed project is a new construction 100% affordable family complex located in the City of Buena Park in the County of Orange. The project will consist of 70 total units including 1 manager's unit in a four-story elevator building. Of the 70 units, 69 will be affordable units, 46 will be restricted to households with incomes no greater than 50% of the area median income and 23 of the units will be restricted to households with incomes no greater than 60% of the area median income. The project will also include 19 3-bedroom units for large families. Construction is expected to begin in January 2012 and should be completed by March 2013.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%

67% (46 units) restricted to 50% or less of area median income households.

33% (23 units) restricted to 60% or less of area median income households.

Unit Mix: 1, 2 & 3 bedrooms

The proposed project will include after school programs of an on-going nature.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost: \$ 21,773,162

Estimated Hard Costs per Unit: \$ 139,262 (\$9,609,050 /69 units)

Estimated per Unit Cost: \$ 315,553 (\$21,773,162 /69 units)

Allocation per Unit: \$ 181,159 (\$12,500,000 /69 units)

Allocation per Restricted Rental Unit: \$ 181,159 (\$12,500,000 /69 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 12,500,000	\$ 3,081,304
Deferred Developer Fee	\$ 0	\$ 162,630
LIH Tax Credit Equity	\$ 1,434,800	\$ 7,174,000
Direct & Indirect Public Funds	\$ 6,550,000	\$ 11,355,228
Other(Deferred Costs)	\$ 1,288,362	\$ 0
Total Sources	\$ 21,773,162	\$ 21,773,162

Uses of Funds:	
Acquisition	\$ 3,600,000
New Construction Costs	\$ 10,891,710
Relocation	\$ 0
Architectural	\$ 593,000
Survey & Engineering	\$ 394,000
Contingency Costs	\$ 1,189,371
Construction Period Expenses	\$ 809,725
Permanent Financing Expenses	\$ 57,703
Legal Fees	\$ 197,600
Capitalized Reserves	\$ 167,290
Reports & Studies	\$ 80,000
Other (Marketing, etc)	\$ 2,592,763
Developer Costs	\$ 1,200,000
Total Uses	\$ 21,773,162

Description of Financial Structure and Bond Issuance:

The proposed project will utilize a private placement financial structure provided by US Bank who will purchase the tax-exempt bonds and provide a conventional construction to permanent loan. The construction loan will be \$12,500,000 for a period of 18 months. The permanent loan will be \$3,081,304. During the construction period, monthly interest payments will be required. The construction interest rate will be priced at a floating interest rate equal to 30-Day LIBOR plus 200 basis points. The requirement for closing this loan include a reservation of 4% low income housing tax credits. The permanent loan term and amortization period is 30 years. During the permanent period, equal monthly payments of principal and interest will be due. According to the applicant, it is anticipated that a forward rate lock will be purchased for the permanent period at the close of the construction loan. The maximum permanent loan, funded with the outstanding proceeds of the tax-exempt bond issue, will have a term of 17 years and will be fully amortized under a 30-year amortization schedule. The bonds will be issued by the City of Buena Park.

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: 75 out of 118
[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$12,500,000 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	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	10
Community Revitalization Area	15	15	0
Site Amenities	10	10	10
Service Amenities	10	10	5
New Construction	10	10	10
Sustainable Building Methods	8	8	0
Negative Points	-10	-10	0
Total Points	118	98	75

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.