

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
May 16, 2012
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Richard Fischer

Applicant: California Municipal Finance Authority

Allocation Amount Requested:
Tax-exempt: \$24,400,000

Project Information:
Name: Coral Mountain Apartments
Project Address: SE Corner of HWY 111 and Dune Palms Road
Project City, County, Zip Code: La Quinta, Riverside, 92253

Project Sponsor Information:
Name: Coral Mountain Partners, L.P. (Coral Mountain AGP, LLC and WCH Affordable VIII, LLC)
Principals: John Durso and Michael Shovlin for Coral Mountain AGP, LLC; Graham Espley-Jones for WCH Affordable VIII, LLC
Property Management Company: Hyder Property Management Professionals

Project Financing Information:
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Private Placement Purchaser: Citibank N.A.
TEFRA Hearing Date: April 3, 2012

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 174, plus 2 manager units
Type: New Construction
Type of Units: Family

Coral Mountain Apartments will consist of 176 units in 11 buildings plus a clubhouse and pool area. The Project targets families with over 30% of the units being 3 bedroom 2 bath configurations. All buildings except for the clubhouse, will be 2 story walk up configuration, type 5 construction. The Project has been designed with LED lighting for both building and landscape lighting. The property will be surrounded by a security wall with two pedestrian and two vehicular points of access. Some amenities include a tot lot, 1/2 basketball court, multiple bbq areas and a secured swimming pool area.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
21% (36 units) restricted to 50% or less of area median income households.
79% (138 units) restricted to 60% or less of area median income households.
Unit Mix: 1, 2 & 3 bedrooms

The Project will offer after school programs and have a bona fide service coordinator/social worker available.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$	48,639,496	
Estimated Hard Costs per Unit:	\$	189,787	(\$33,022,957 /174 units)
Estimated per Unit Cost:	\$	279,537	(\$48,639,496 /174 units)
Allocation per Unit:	\$	140,230	(\$24,400,000 /174 units)
Allocation per Restricted Rental Unit:	\$	140,230	(\$24,400,000 /174 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 24,400,000	\$ 6,954,927
LIH Tax Credit Equity	\$ 5,069,432	\$ 16,898,107
Direct & Indirect Public Funds	\$ 16,394,043	\$ 24,786,462
Other (Deferred Developer Fees & Costs)	\$ 2,776,031	\$ 0
Total Sources	\$ 48,639,506	\$ 48,639,496

Uses of Funds:	
Land Purchase	\$ 55,000
On & Off Site Costs	\$ 9,123,906
Hard Construction Costs	\$ 23,899,051
Architect & Engineering Fees	\$ 1,814,638
Contractor Overhead & Profit	\$ 1,662,625
Developer Fee	\$ 2,500,000
Cost of Issuance	\$ 702,240
Capitalized Interest	\$ 2,450,000
Other Soft Costs (Marketing, etc.)	\$ 6,432,036
Total Uses	\$ 48,639,496

Description of Financial Structure and Bond Issuance:

Citibank, N.A. is providing the financing. Available rate of SIMFA plus a spread of 275 bps during the Construction Phase, including a 5bps servicing fee. Rate adjusts weekly. Currently, SIMFA is trading at approximately .13 % for current all-in rate of 2.88%. Permanent phase amount will be no more than \$6,955,000 with a term and amortization of 30 years. A fixed rate equal to the sum of 2030 "AAA" bond rates as published by Thompson Municipal Monitor (MMD) plus a spread of 2.30% with a floor of 5.50%.

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: 83.5 out of 120

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$24,400,000 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	0
Exceeding Minimum Income Restrictions:	35	15	30
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Federally Assisted At-Risk Project or HOPE VI Project]	[10]	[10]	8
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	2.5
Service Amenities	10	10	10
New Construction	10	10	10
Sustainable Building Methods	10	10	3
Negative Points	-10	-10	0
Total Points	120	100	83.5

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.