

**THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**  
**September 26, 2012**  
**Staff Report**  
**REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A**  
**QUALIFIED RESIDENTIAL RENTAL PROJECT**

*Prepared by: Sarah Lester*

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**Applicant:** California Statewide Communities Development Authority

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**Allocation Amount Requested:**  
**Tax-exempt:** \$13,634,145

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**Project Information:**  
**Name:** Tres Lagos Apartments  
**Project Address:** 23345 Catt Road  
**Project City, County, Zip Code:** Wildomar, Riverside, 92595

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**Project Sponsor Information:**  
**Name:** Wildomar Tres Lagos, LP (PC Wildomar Developers I, LLC and Housing Corporation of America)  
**Principals:** Danavon L. Horn and Todd A. Deutscher for PC Wildomar Developers I LLC; Ronald H. Olson and Carol Cromar for Housing Corporation of America  
**Property Management Company:** ConAm Management Corporation

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**Project Financing Information:**  
**Bond Counsel:** Orrick, Herrington & Sutcliffe LLP  
**Underwriter:** Not Applicable  
**Credit Enhancement Provider:** Not Applicable  
**Private Placement Purchaser:** Citibank, NA  
**TEFRA Hearing Date:** June 13, 2012

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**Description of Proposed Project:**  
**State Ceiling Pool:** General  
**Total Number of Units:** 80, plus 1 manager unit  
**Type:** New Construction  
**Type of Units:** Senior Citizens

The proposed project is a master planned senior community development to be developed in three (3) phases. It will consist of 209 affordable senior units. The proposed project is Phase I and consists of 81 units and is located on a 4.32 acre section. Incomes for the proposed project will be 30, 50 and 60 percent of the area median income and consists of 64 one-bedroom units with 625 square feet of living space, and 16 two-bedroom units with 780 square feet of living space. There will also be a 1,482 square foot 3-bedroom manager unit located on the second floor of the community building. There will be a total of six buildings (four residential and two community). The buildings will be constructed as two-story wood framing with stucco exterior and concrete slab-on-grade foundations. Construction is estimated to start January 2013 and end March 2014.

**Description of Public Benefits:**

**Percent of Restricted Rental Units in the Project:** 100%  
20% (16 units) restricted to 50% or less of area median income households.  
80% (64 units) restricted to 60% or less of area median income households.  
**Unit Mix:** 1 & 2 bedrooms

The proposed project will provide instructor-led educational, health and wellness or skill building classes.

**Term of Restrictions:**

**Income and Rent Restrictions:** 55 years

**Details of Project Financing:**

**Estimated Total Development Cost:** \$ 22,725,838  
**Estimated Hard Costs per Unit:** \$ 143,801 (\$11,504,054 /80 units)  
**Estimated per Unit Cost:** \$ 284,073 (\$22,725,838 /80 units)  
**Allocation per Unit:** \$ 170,427 (\$13,634,145 /80 units)  
**Allocation per Restricted Rental Unit:** \$ 170,427 (\$13,634,145 /80 restricted units)

<b>Sources of Funds:</b>	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 13,634,145	\$ 2,413,028
Deferred Developer Fee	\$ 1,588,673	\$ 552,393
LIH Tax Credit Equity	\$ 383,021	\$ 7,660,417
Direct & Indirect Public Funds	\$ 7,120,000	\$ 12,100,000
<b>Total Sources</b>	<b>\$ 22,725,839</b>	<b>\$ 22,725,838</b>

<b>Uses of Funds:</b>	
Acquisition/Land Purchase	\$ 1,600,000
On & Off Site Costs	\$ 2,680,000
Hard Construction Costs	\$ 8,824,054
Architect & Engineering Fees	\$ 1,150,000
Contractor Overhead & Profit	\$ 868,230
Developer Fee	\$ 2,500,000
Cost of Issuance	\$ 633,548
Capitalized Interest	\$ 751,841
Other Soft Costs (Marketing, etc.)	\$ 3,718,165
<b>Total Uses</b>	<b>\$ 22,725,838</b>

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**Description of Financial Structure and Bond Issuance:**

The financial structure of the proposed project will be a private placement transaction provided by Citibank, NA. The tax-exempt loan will have two tranches: Tranche A will be funded first and will provide construction-to-permanent phase financing. Tranche B will be for additional, constructing phase only financing. Funding for both tranches will be made on a "draw down" basis. During the construction phase, the construction term will be 24 months, plus one 6-month extension. The loan amount is estimated to be \$13,634,145. The interest rate during this phase will be a variable rate equal to SIFMA plus a spread of 2.50% including a 5bps servicing fee. During the permanent phase, the estimated loan amount will be \$2,413,028. The term of this loan will be 17 years with an amortized period of 30 years. The interest rate will be a fixed rate equal to the sum of 17 year maturity "AAA" bond rates as published by Thompson Municipal Market Monitor ("MMD") plus a spread of 2.50%. This rate includes a 5bps servicing fee. The rate will be committed at the time of closing of the construction phase.

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**Analyst Comments:**

Not Applicable

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**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.

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**Total Points:** 77.9 out of 130

[See Attachment A]

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**Recommendation:**

Staff recommends that the Committee approve \$13,634,145 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]	5.4
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	2.5
Service Amenities	10	10	5
New Construction	10	10	10
Sustainable Building Methods	10	10	10
Negative Points	-10	-10	0
<b>Total Points</b>	<b>130</b>	<b>100</b>	<b>77.9</b>

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.