

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
May 16, 2018
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Richard Fischer

Applicant:	California Statewide Communities Development Authority
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Allocation Amount Requested:	Tax-exempt: \$10,200,000
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Project Information:	Name: Palmdale Park Apartments
	Project Address: 38002 15th Street East
	Project City, County, Zip Code: Palmdale, Los Angeles, 93550

Project Sponsor Information:	Name: Palmdale Park Apartments LP (Affordable Housing Alliance II, Inc and Palmdale Park Apartments GP LLC)
	Principals: Anjela Ponce, Phil Wood and Dawn Allen for Affordable Housing Alliance II, Inc; Robert Budman and Patrick Luke for BLVD Capital and Eric Paine, Kyle Paine and Sean Robbins for Community Development Partners, all for the Palmdale Park Apartments GP LLC
	Property Management Company: The John Stewart Company

Project Financing Information:	Bond Counsel: Orrick, Herrington & Sutcliffe LLP
	Private Placement Purchaser: JLL Capital Markets
	Cash Flow Permanent Bond: Not Applicable
	Public Sale: Not Applicable
	Underwriter: Not Applicable
	Credit Enhancement Provider: Not Applicable
	Rating: Not Applicable
	TEFRA Noticing Date: February 20, 2018
	TEFRA Adoption Date: March 6, 2018

Description of Proposed Project:	State Ceiling Pool: General
	Total Number of Units: 58
	Manager's Units: 1 Unrestricted
	Type: Acquisition and Rehabilitation
	Population Served: Family

Palmdale Park Apartments is an existing project located in Palmdale on a 3.03-acre site. The project consists of 57 restricted rental units and 1 unrestricted manager unit. The project has 42 two-bedroom units and 16 three-bedroom units. The renovations will include building exterior upgrades. Building exterior renovations will consist of stucco repairs, roof replacement, window replacements and a fresh coat of paint. Individual apartment units will be updated with a new appliance package, countertops, cabinets, fixtures, paint and electrical updates. Lastly, common or site area renovations will consist of concrete repairs, asphalt replacement and ADA updates. The rehabilitation is expected to begin in June 2018 and be completed in December 2018.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%

21% (12 units) restricted to 50% or less of area median income households.

79% (45 units) restricted to 60% or less of area median income households.

Unit Mix: 2 & 3 bedrooms

The proposed project will not be receiving service amenity points.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$ 13,296,034	
Estimated Hard Costs per Unit:	\$ 32,155	(\$1,864,994 /58 units including mgr. units)
Estimated per Unit Cost:	\$ 229,242	(\$13,296,034 /58 units including mgr. units)
Allocation per Unit:	\$ 175,862	(\$10,200,000 /58 units including mgr. units)
Allocation per Restricted Rental Unit:	\$ 178,947	(\$10,200,000 /57 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 10,200,000	\$ 8,800,000
LIH Tax Credit Equity	\$ 2,592,067	\$ 4,074,604
Deferred Developer Fee	\$ 503,967	\$ 421,430
Total Sources	\$ 13,296,034	\$ 13,296,034

Uses of Funds:	
Land Cost/Acquisition	\$ 7,750,000
Rehabilitation	\$ 1,960,855
Relocation	\$ 116,000
Contractor Overhead & Profit	\$ 186,500
Architectural Fees	\$ 103,500
Survey and Engineering	\$ 20,000
Construction Interest and Fees	\$ 443,727
Permanent Financing	\$ 88,000
Legal Fees	\$ 75,000
Reserves	\$ 278,830
Appraisal	\$ 7,250
Hard Cost Contingency	\$ 214,735
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 467,766
Developer Costs	\$ 1,583,871
Total Uses	\$ 13,296,034

Analyst Comments:

None

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:

55.5 out of 140 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$10,200,000 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
Preservation Project	20	20	20
Exceeding Minimum Income Restrictions:	35	15	30.5
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	0
Large Family Units	5	5	5
Leveraging	10	10	0
Community Revitalization Area	5	5	0
Site Amenities	10	10	0
Service Amenities	10	10	0
New Construction or Substantial Renovation	10	10	0
Sustainable Building Methods	10	10	0
Forgone Eligible Developer Fee (Competitive Allocation Process Only)	10	10	N/A
Minimum Term of Restrictions (Competitive Allocation Process Only)	10	10	N/A
Negative Points (No Maximum)	-10	-10	0
Total Points	140	110	55.5