

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
September 16, 2020
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Richard Fischer

Applicant:	California Public Finance Authority
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Allocation Amount Requested:	Tax-exempt: \$17,513,929
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Project Information:	Name: Maison's Palmdale Apartments
	Project Address: 65th Street E & E Avenue S
	Project City, County, Zip Code: Palmdale, Los Angeles, 93552

Project Sponsor Information:	Name: Maison's Palmdale, LP (Ravello MODs Palmdale 118, LLC & AHA High Desert MGP, LLC)
	Principals: Dilip Ram for Ravello MODs Palmdale 118, LLC; William W. Hirsch for AHA High Desert MGP, LLC
	Property Management Company: Aperto Property Management, Inc.

Project Financing Information:	Bond Counsel: Orrick, Herrington & Sutcliffe LLP
	Private Placement Purchaser: Fallbrook Loan Fund, LLC
	Cash Flow Permanent Bond: Not Applicable
	Public Sale: Not Applicable
	Underwriter: Not Applicable
	Credit Enhancement Provider: Not Applicable
	Rating: Not Applicable

Description of Proposed Project:	State Ceiling Pool: General
	Total Number of Units: 118
	Manager's Units: 1 Unrestricted
	Type: New Construction
	Population Served: Family

Maison's Palmdale Apartments is a new construction project that will be located in Palmdale on a 19.9-acre site. The project will consist of 117 restricted rental units and 1 unrestricted manager unit. The project will have 58 two-bedroom units and 59 three-bedroom units. The buildings will be single family homes with standard wood frame construction and vinyl siding. Common amenities will include a large community room, management offices, a dog park and paseo area. Each unit will have free Wi-Fi, energy efficient appliances, modern design kitchens with vertical blinds for privacy. There will be 2 parking spaces provided per unit. Green features will include greywater irrigation for the entire site. The construction is expected to begin September 2020 and be completed in January 2022.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
31% (36 units) restricted to 50% or less of area median income households.
69% (81 units) restricted to 60% or less of area median income households.
Unit Mix: 2 & 3 bedrooms

The proposed project will be receiving service amenity points.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost: \$ 36,821,494
Estimated Hard Costs per Unit: \$ 142,157 (\$16,774,572 /118 units including mgr. unit)
Estimated per Unit Cost: \$ 312,047 (\$36,821,494 /118 units including mgr. unit)
Allocation per Unit: \$ 148,423 (\$17,513,929 /118 units including mgr. unit)
Allocation per Restricted Rental Unit: \$ 149,692 (\$17,513,929 /117 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 17,513,929	\$ 17,513,929
LIH Tax Credit Equity	\$ 9,113,940	\$ 11,536,633
Deferred Developer Fee	\$ 1,588,433	\$ 1,165,740
Construction Taxable Loan	\$ 8,605,192	\$ 6,605,192
Total Sources	\$ 36,821,494	\$ 36,821,494

Uses of Funds:	
Land Cost/Acquisition	\$ 1,542,000
New Construction	\$ 18,007,260
Contractor Overhead & Profit	\$ 1,174,220
Architectural Fees	\$ 221,840
Survey and Engineering	\$ 461,022
Construction Interest and Fees	\$ 1,957,743
Permanent Financing	\$ 1,131,787
Legal Fees	\$ 325,000
Reserves	\$ 1,547,162
Appraisal	\$ 10,000
Hard Cost Contingency	\$ 942,037
Local Development Impact Fees	\$ 966,053
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 4,702,674
Developer Costs	\$ 3,832,696
Total Uses	\$ 36,821,494

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:

120 out of 145 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$17,513,929 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
Preservation Project	20	20	0
Exceeding Minimum Income Restrictions:	35	15	35
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	10
Large Family Units	5	5	5
Gross Rents	5	5	5
Leveraging	10	10	10
Community Revitalization Area	5	5	0
Site Amenities	10	10	5
Service Amenities	10	10	10
New Construction or Substantial Renovation	10	10	10
Sustainable Building Methods	10	10	10
Forgone Eligible Developer Fee (Competitive Allocation Process Only)	10	10	10
Minimum Term of Restrictions (Competitive Allocation Process Only)	10	10	10
Negative Points (No Maximum)	-10	-10	0
Total Points	145	125	120