

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
November 17, 2010
Staff Report
**REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT**

Prepared by: John Weir

Applicant: California Housing Finance Agency

Allocation Amount Requested:
Tax-exempt: \$5,915,000

Project Information:
Name: Village Meadows Apartments
Project Address: 700 Arbor Parkway
Project City, County, Zip Code: Hemet, Riverside, 92545

Project Sponsor Information:
Name: Hemet Leased Housing Associates I, LP (Hemet Leased Housing Associates I, LLC, Central Valley Coalition for Affordable Housing Corporation and Polaris Holdings I, LLC)
Principals: David L. Brierton, Jack W. Safar, Armand E. Brachman, Paul R. Sween, Jefferey R. Huggett, Mark S. Moorhouse and Christopher P. Barnes for Hemet Leased Housing Associates I, LLC & Polaris Holdings I, LLC and Alan Jenkins, Sid McIntyre, Jennifer Bertuccio, Renee Downum, Steve Simmons and Chris Alley for Central Valley Coalition for Affordable Housing Corporation.

Project Financing Information:
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Underwriter: Prudential Affordable Mortgage Corporation
Credit Enhancement Provider: Prudential/Freddie Mac
Private Placement Purchaser: Not Applicable
TEFRA Hearing Date: September 20, 2010

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 67, plus 1 manager unit
Type: Acquisition and Rehabilitation
Type of Units: Family/Federally Assisted At-Risk

Description of Public Benefits:
Percent of Restricted Rental Units in the Project: 100%
58% (39 units) restricted to 50% or less of area median income households.
42% (28 units) restricted to 60% or less of area median income households.
Unit Mix: 2 & 3 bedrooms

Term of Restrictions:
Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$ 11,928,028	
Estimated Hard Costs per Unit:	\$ 38,995	(\$2,612,651 /67 units)
Estimated per Unit Cost:	\$ 178,030	(\$11,928,028 /67 units)
Allocation per Unit:	\$ 88,284	(\$5,915,000 /67 units)
Allocation per Restricted Rental Unit:	\$ 88,284	(\$5,915,000 /67 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 5,915,000	\$ 5,915,000
Taxable Bond Proceeds	\$ 2,974,773	\$ 0
Deferred Developer Fee	\$ 0	\$ 322,193
LIH Tax Credit Equity	\$ 555,040	\$ 2,775,200
Direct & Indirect Public Funds	\$ 500,000	\$ 2,707,000
Other (Reserves from Seller, NOI)	\$ 208,635	\$ 208,635
Total Sources	\$ 10,153,448	\$ 11,928,028

Uses of Funds:	
Land Purchase	\$ 5,700,000
On & Off Site Costs	\$ 316,160
Hard Construction Costs	\$ 2,296,491
Architect & Engineering Fees	\$ 151,720
Contractor Overhead & Profit	\$ 321,509
Developer Fee	\$ 1,258,849
Cost of Issuance	\$ 179,033
Other Soft Costs	\$ 1,704,266
Total Uses	\$ 11,928,028

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: 73 out of 128
 [See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$5,915,000 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	10
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	5
Leveraging	10	10	10
Community Revitalization Area	15	15	0
Site Amenities	10	10	5
Service Amenities	10	10	0
New Construction	10	10	0
Sustainable Building Methods	8	8	3
Negative Points	-10	-10	0
Total Points	128	108	73

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.