

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
December 15, 2010
Staff Report
**REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT**

Prepared by: John Weir

Applicant: California Statewide Communities Development Authority

Allocation Amount Requested:
Tax-exempt: \$3,600,000

Project Information:
Name: Kearney Palms Senior Apartments, Phase III
Project Address: 14644 W. Kearney Blvd.
Project City, County, Zip Code: Kerman, Fresno, 93630

Project Sponsor Information:
Name: Kearney Palms Senior Apartments Phase III, LP (WP Kearney Court Phase III, LLC, Central Valley Coalition for Affordable Housing and City Real Estate Advisors)
Principals: Davis Slajchert and Laura Slajchert for WP Kearney Court Phase III, LLC; Christina Alley and Renee Downum for Central Valley Coalition for Affordable Housing; Charles Anderson for City Real Estate Advisors

Project Financing Information:
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Underwriter: Not Applicable
Private Placement Purchaser: Citicorp Municipal Mortgage Inc.
TEFRA Hearing Date: November 3, 2010

Description of Proposed Project:
State Ceiling Pool: Rural
Total Number of Units: 43, plus 1 manager unit
Type: New Construction
Type of Units: Senior Citizens

Description of Public Benefits:
Percent of Restricted Rental Units in the Project: 100%
12% (5 units) restricted to 50% or less of area median income households.
88% (38 units) restricted to 60% or less of area median income households.
Unit Mix: 1 & 2 bedrooms

Term of Restrictions:
Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$ 6,276,221	
Estimated Hard Costs per Unit:	\$ 77,285	(\$3,323,250 /43 units)
Estimated per Unit Cost:	\$ 145,959	(\$6,276,221 /43 units)
Allocation per Unit:	\$ 83,721	(\$3,600,000 /43 units)
Allocation per Restricted Rental Unit:	\$ 83,721	(\$3,600,000 /43 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 3,600,000	\$ 2,375,000
Developer Equity	\$ 760,000	\$ 376,982
LIH Tax Credit Equity	\$ 464,554	\$ 2,042,572
Direct & Indirect Public Funds	\$ 791,667	\$ 791,667
AHP	\$ 660,000	\$ 660,000
Rental Income	\$ 0	\$ 30,000
Total Sources	\$ 6,276,221	\$ 6,276,221

Uses of Funds:	
Land Purchase	\$ 250,000
On & Off Site Costs	\$ 550,000
Hard Construction Costs	\$ 2,773,250
Architect & Engineering Fees	\$ 275,000
Contractor Overhead & Profit	\$ 501,750
Developer Fee	\$ 765,000
Cost of Issuance	\$ 50,000
Capitalized Interest	\$ 275,000
Other Soft Costs	\$ 836,221
Total Uses	\$ 6,276,221

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: 68.5 out of 118
[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$3,600,000 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
Federally Assisted At-Risk Project or HOPE VI Project	20	20	0
Exceeding Minimum Income Restrictions:	35	15	26
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	0
Leveraging	10	10	10
Community Revitalization Area	15	15	0
Site Amenities	10	10	7.5
Service Amenities	10	10	10
New Construction	10	10	10
Sustainable Building Methods	8	8	0
Negative Points	-10	-10	0
Total Points	118	98	68.5

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.