

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
November 16, 2011
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

Allocation Amount Requested:
Tax-exempt: \$5,389,000

Project Information:
Name: Palmdalia Family Apartments
Project Address: 38028 11th Street East
Project City, County, Zip Code: Palmdale, Los Angeles, 93550

Project Sponsor Information:
Name: Palmdalia Family Apartments, L.P. (ROEM Apartment Communities, LLC and Pacific Housing, Inc.)
Principals: Jonathan Emami for ROEM Apartment Communities, LLC and Mark Wiese, Susan DeMarios and Lester Holmes for Pacific Housing, Inc.
Property Management Company: FPI Management, Inc.

Project Financing Information:
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Credit Enhancement Provider: PNC Bank, N.A. (GNMA Loan)
Private Placement Purchaser: Not Applicable
TEFRA Hearing Date: September 7, 2011

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 63, plus 1 manager unit
Type: Acquisition and Rehabilitation
Type of Units: Family/Federally Assisted At-Risk

Project is comprised of four, two-story buildings and one single-story manager's office/community room. The buildings offer 16 one-bedroom units and 47 two-bedroom units and one managers unit. They also offer a playground, basketball court, a community room, a BBQ area, a pool and a spa, covered parking and a laundry room. The renovations are the addition of the community room, BBQ area and the addition of the pool and spa.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
11% (7 units) restricted to 50% or less of area median income households.
89% (56 units) restricted to 60% or less of area median income households.
Unit Mix: 1 & 2 bedrooms

Service amenities are to provide after school programs of an on-going nature and to provide educational classes (such as English as a Second Language classes, computer training, etc.) but which are not the same as after school programs.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$	8,559,959	
Estimated Hard Costs per Unit:	\$	19,830	(\$1,249,280 /63 units)
Estimated per Unit Cost:	\$	135,872	(\$8,559,959 /63 units)
Allocation per Unit:	\$	85,540	(\$5,389,000 /63 units)
Allocation per Restricted Rental Unit:	\$	85,540	(\$5,389,000 /63 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 5,389,000	\$ 5,389,000
Deferred Developer Fee	\$ 832,280	\$ 209,860
LIH Tax Credit Equity	\$ 1,882,282	\$ 2,649,491
Other(Deferred Reserve funds and Lease income)	\$ 456,397	\$ 311,608
Total Sources	\$ 8,559,959	\$ 8,559,959

Uses of Funds:	
Acquisition	\$ 4,600,000
Rehabilitation Costs	\$ 1,458,445
Relocation	\$ 128,000
Architectural	\$ 10,000
Contingency Costs	\$ 200,445
Construction Period Expenses	\$ 470,731
Permanent Financing Expenses	\$ 152,780
Legal Fees	\$ 175,000
Capitalized Reserves	\$ 144,789
Reports & Studies	\$ 20,000
Other (Marketing, etc)	\$ 199,702
Developer Costs	\$ 1,000,067
Total Uses	\$ 8,559,959

Description of Financial Structure and Bond Issuance:

This is a PNC Bank, N.A. credit enhanced HUD 221(d)4 project. The interest rate to be used is based on using the tax-exempt bond structure and is estimated at 4.75% based on current market conditions. The final rate at which the loan will be set prior to initial endorsement is subject to market conditions at the time of issuance of the HUD Firm Commitment to Insure. HUD will charge an annual Mortgage Insurance Premium of .45% of the unpaid principal balance of the loan for the life of the loan. The loan terms are an interest only construction period of 14 months plus a 40 year fully amortizing permanent mortgage.

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:

61 out of 128

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$5,389,000 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	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	0
Community Revitalization Area	15	15	0
Site Amenities	10	10	10
Service Amenities	10	10	10
New Construction	10	10	0
Sustainable Building Methods	8	8	0
Negative Points	-10	-10	0
Total Points	128	108	61

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.