

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
December 14, 2011
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Crystal Alvarez

Applicant: California Statewide Communities Development Authority

Allocation Amount Requested:
Tax-exempt: \$6,180,000

Project Information:
Name: Canyon Crest Family Apartments
Project Address: 3011-3057 E. Platt Avenue
Project City, County, Zip Code: Fresno, Fresno 93721

Project Sponsor Information:
Name: Canyon Crest Family Apartments, L.P. (ROEM Development Corporation and Pacific Housing, Inc.)
Principals: Jonathan Emami and Robert Emami for ROEM Development Corporation; 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
Private Placement Purchaser: Citibank, N.A.
TEFRA Hearing Date: November 7, 2011

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 117, plus 1 manager unit
Type: Acquisition and Rehabilitation
Type of Units: Family

The proposed acquisition rehabilitation consists of 86 one-bedroom units and 32 two-bedroom units with a total of 118 affordable units, including 1 manager unit. The scope of the rehabilitation work will include the following: replace cabinets, countertops, windows, flooring, roofs, appliances, fixtures, landscape repair, bathtub refinishing and some ADA compliance installation.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
61% (71 units) restricted to 50% or less of area median income households.
39% (46 units) restricted to 60% or less of area median income households.
Unit Mix: 1 & 2 bedrooms

The project sponsor has committed to providing after school programs, educational classes and a bona fide service coordinator/social worker for a period of 10 years.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost: \$ 11,964,993
Estimated Hard Costs per Unit: \$ 25,915 (\$3,032,000 /117 units)
Estimated per Unit Cost: \$ 102,265 (\$11,964,993 /117 units)
Allocation per Unit: \$ 52,821 (\$6,180,000 /117 units)
Allocation per Restricted Rental Unit: \$ 52,821 (\$6,180,000 /117 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 6,180,000	\$ 4,404,678
Deferred Reserve Funding	\$ 181,390	\$ 0
Deferred Developer Fee	\$ 1,390,204	\$ 614,052
LIH Tax Credit Equity	\$ 1,171,228	\$ 3,904,092
Direct & Indirect Public Funds	\$ 2,772,253	\$ 2,772,253
Lease Up Income	\$ 269,918	\$ 269,918
Total Sources	\$ 11,964,993	\$ 11,964,993

Uses of Funds:	
Acquisition	\$ 5,210,000
Rehabilitation Costs	\$ 3,487,103
Relocation	\$ 120,000
Architectural	\$ 25,000
Survey & Engineering	\$ 10,000
Contingency Costs	\$ 459,483
Construction Period Expenses	\$ 621,997
Permanent Financing Expenses	\$ 25,000
Legal Fees	\$ 145,000
Capitalized Reserves	\$ 181,390
Reports & Studies	\$ 20,000
Other (Marketing, etc)	\$ 252,977
Developer Costs	\$ 1,407,043
Total Uses	\$ 11,964,993

Description of Financial Structure and Bond Issuance:

Citibank will directly purchase up to \$6,180,000 in private activity bonds at closing under its private placement structure. During the construction loan, the bonds will carry a variable interest rate at a spread to the SIFMA index. The permanent loan will have a fixed rate of the sum of 2026 maturity "AAA" bond rate as published by the Thompson Municipal Market Data plus a spread of 2.40%. Currently the indicative fixed rate is 5.75% including 5bps serving fee.

Analyst Comments:

Not Applicable

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: 70 out of 118
[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$6,180,000 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	0
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	0
Leveraging	10	10	10
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	118	98	70

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.