

**THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**  
**September 17, 2014**  
**Staff Report**  
**REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A**  
**QUALIFIED RESIDENTIAL RENTAL PROJECT**

*Prepared by: Richard Fischer*

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**Applicant:** California Statewide Communities Development Authority

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**Allocation Amount Requested:**  
**Tax-exempt:** \$2,000,000

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**Project Information:**  
**Name:** Palmdale Transit Village Apartments (Supplemental)  
**Project Address:** 38832 4th Street East  
**Project City, County, Zip Code:** Palmdale , Los Angeles, 93550

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**Project Sponsor Information:**  
**Name:** Palmdale TOD Apartments, L.P. ( Better Housing Solutions, Inc., Wright Brothers Michaels, LLC and Community Development Associates, Inc.)  
**Principals:** Adrian Almeida for Better Housing Solutions, Inc.; Ava Goldman for Wright Brothers Michaels, LLC and Matthew Tambor for Community Development Associates, Inc.  
**Property Management Company:** Interstate Realty Management

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**Project Financing Information:**  
**Bond Counsel:** Orrick, Herrington & Sutcliffe LLP  
**Underwriter:** Not Applicable  
**Credit Enhancement Provider:** Not Applicable  
**Private Placement Purchaser:** Citibank, N.A.  
**TEFRA Adoption Date:** July 9, 2011

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**Description of Proposed Project:**  
**State Ceiling Pool:** General  
**Total Number of Units:** 154, plus 2 manager units  
**Type:** New Construction  
**Type of Units:** Family

Palmdale Transit Village is a 156 unit Large Family Project, located at 365/405 Q Street in the City of Palmdale, County of Los Angeles. The project is on a 2.4 acre parcel that is part of a larger 10.4 acre site. This project is part of a larger 10.4 acre site that is a cleared, vacant, flat piece of land. The Proposed Tenant Population and Any Special Occupancy Restrictions (inc. those tied to land use approvals) is Large Families seeking one to three bedroom units with incomes that are primarily 50% to 60% of AMI. Construction started in February 2011 and the building received TCO in December 2013 and January 2014, with a 23 month construction schedule.

**Description of Public Benefits:**

**Percent of Restricted Rental Units in the Project:** 100%

16% (25 units) restricted to 50% or less of area median income households.

84% (129 units) restricted to 60% or less of area median income households.

**Unit Mix:** 1, 2 & 3 bedrooms

Service amenities included are after school programs and instructor-led educational, health and wellness or skill building classes.

**Term of Restrictions:**

**Income and Rent Restrictions:** 55 years

**Details of Project Financing:**

<b>Estimated Total Development Cost:</b>	\$ 47,092,142	
<b>Estimated Hard Costs per Unit:</b>	\$ 167,226	(\$25,752,768 /154 units)
<b>Estimated per Unit Cost:</b>	\$ 305,793	(\$47,092,142 /154 units)
<b>Allocation per Unit:</b>	\$ 152,597	(\$23,500,000 /154 units)
<b>Allocation per Restricted Rental Unit:</b>	\$ 152,597	(\$23,500,000 /154 restricted units)

<b>Sources of Funds:</b>	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 23,500,000	\$ 11,450,000
Developer Equity	\$ 0	\$ 2,228,000
LIH Tax Credit Equity	\$ 7,651,742	\$ 15,455,171
Direct & Indirect Public Funds	\$ 15,940,400	\$ 17,940,400
Other (GP Advance)	\$ 0	\$ 18,571
<b>Total Sources</b>	<b>\$ 47,092,142</b>	<b>\$ 47,092,142</b>

<b>Uses of Funds:</b>	
Acquisition/Land Purchase	\$ 1,560,000
New Construction Costs	\$ 29,850,538
Architectural	\$ 1,404,497
Survey & Engineering	\$ 799,925
Contingency Costs	\$ 260,000
Construction Period Expenses	\$ 2,988,268
Permanent Financing Expenses	\$ 1,150,292
Legal Fees	\$ 516,000
Capitalized Reserves	\$ 622,320
Reports & Studies	\$ 35,000
Other	\$ 5,405,302
Developer Costs	\$ 2,500,000
<b>Total Uses</b>	<b>\$ 47,092,142</b>

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**Description of Financial Structure and Bond Issuance:**

California Statewide Communities Development Authority will be the issuer of the additional Bond amount. Citibank will be privately placing this interim loan amount. This Construction Phase Loan amount will have a rate of 4.65%. The Loan will have a term of 12 months.

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**Analyst Comments:**

Project already built. This is a Supplemental request for allocation.

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**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.

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**Total Points:** 75.5 out of 130

[See Attachment A]

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**Recommendation:**

Staff recommends that the Committee approve \$2,000,000 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	28
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	7.5
Service Amenities	10	10	10
New Construction	10	10	10
Sustainable Building Methods	10	10	0
Negative Points	-10	-10	0
<b>Total Points</b>	<b>130</b>	<b>100</b>	<b>75.5</b>

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.