

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
November 16, 2016
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: \$10,793,254

Project Information:

Name: The Promenade Apartments
Project Address: 1333 West Garvey Avenue North
Project City, County, Zip Code: West Covina, Los Angeles, 91790

Project Sponsor Information:

Name: To Be Formed L.P.(National Community Renaissance of California)
Principals: Tracy Thomas, Michael Ruane, Steve PonTell, and Philip Nelson Lee, for National Community Renaissance of California

Property Management Company: National Community Renaissance of California

Project Financing Information:

Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Private Placement Purchaser: Bank of the West
Public Sale: Not Applicable
Underwriter: Not Applicable
TEFRA Noticing Date: August 23, 2016
TEFRA Adoption Date: September 6, 2016

Description of Proposed Project:

State Ceiling Pool: General
Total Number of Units: 123, plus 1 manager unit
Type: Acquisition and Rehabilitation
Type of Units: Family

The Property is in the midst of a very dense residential area in the city of West Covina, Los Angeles County. It is comprised of 124 units in seven residential structures connected by breezeways and sharing one connected roof. There are twenty-eight studio, ninety-five 1-bedroom and one 2-bedroom units. The scope of rehabilitation will entail limited repair/replacement as-needed of previously damaged: plumbing supply and waste, plywood subfloor, electrical switches, receptacles and breakers, interior doors, frames and trim, drywall, asbestos abatement, broken stair treads, drywall patch, exterior wood trim and downspouts, limited replacement/repair/upgrades for sustainability and efficiency and code-required accessibility, finish plumbing fixtures only in accessible units, entry doors and frames, cabinets and countertops, flooring; Energy Star appliances, hardware, low-E windows, stair and balcony railings, bathroom exhaust fans, and HVAC replacement. Modifications and new items include limited accessibility upgrades in selected apartments to comply with UFAS and FHA accessible standards, new smoke/carbon monoxide detectors per code. The site will see limited repair and replacement as needed of various walkways throughout the complex with the goal of making the common spaces and accessible units accessible, repair of drainage swales and basins, repair of site fencing, upgrade and replacement of some landscape and irrigation, slurry coat and asphalt grind, removal of trip hazards in driveways, re-stripping and repaving for accessibility. The site security currently has wrought iron fencing and block walls in combination with vehicular and pedestrian controlled access gates/doors at all entrances and no immediate repairs at this time. Minor repairs are needed at this time on existing materials. These site planning/improvement strategies follow the concepts of CPTED- Crime Prevention Through Environmental Design.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
41% (50 units) restricted to 50% or less of area median income households.
59% (73 units) restricted to 60% or less of area median income households.
Unit Mix: Studio & 1 bedroom

The proposed project will not be providing service amenities.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost: \$ 17,219,810
Estimated Hard Costs per Unit: \$ 27,763 (\$3,414,892 /123 units)
Estimated per Unit Cost: \$ 138,869 (\$17,219,810 /124 units including mgr. units)
Allocation per Unit: \$ 87,750 (\$10,793,254 /123 units)
Allocation per Restricted Rental Unit: \$ 87,750 (\$10,793,254 /123 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 10,793,254	\$ 4,053,000
LIH Tax Credit Equity	\$ 658,722	\$ 6,587,222
Energy Rebates	\$ 0	\$ 198,162
Deferred Developer Fee	\$ 0	\$ 282,015
Partnership Reserves	\$ 0	\$ 300,000
Seller Carryback Loan	\$ 723,027	\$ 723,026
Developer Loan	\$ 0	\$ 796,606
Successor Agency Loan	\$ 5,617,867	\$ 5,617,867
Successor Agency Loan Interest	\$ 683,249	\$ 683,249
Operating Income	\$ 0	\$ 100,000
Total Sources	\$ 18,476,119	\$ 19,341,147

Uses of Funds:	
Land Cost/Acquisition	\$ 9,293,249
Rehabilitation	\$ 5,841,751
Relocation	\$ 517,000
Contractor Overhead	\$ 91,240
Architectural Fees	\$ 165,000
Survey and Engineering	\$ 50,000
Construction Interest and Fees	\$ 850,000
Permanent Financing	\$ 224,000
Legal Fees	\$ 70,000
Reserves	\$ 226,190
Contingency Cost	\$ 440,474
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 372,243
Developer Costs	\$ 1,200,000
Total Uses	\$ 19,341,147

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: 80 out of 140

[See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$10,793,254 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
Preservation Project	20	20	20
Exceeding Minimum Income Restrictions:	35	15	35
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	0
Gross Rents	5	5	5
Large Family Units	5	5	0
Leveraging	10	10	10
Community Revitalization Area	5	5	0
Site Amenities	10	10	10
Service Amenities	10	10	0
New Construction or Substantial Renovation	10	10	0
Sustainable Building Methods	10	10	0
Forgone Eligible Developer Fee (Competitive Allocation Process Only)	10	10	0
Minimum Term of Restrictions (Competitive Allocation Process Only)	10	10	0
Negative Points (No Maximum)	-10	-10	0
Total Points	140	110	80

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.