

**THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**  
**July 19, 2017**  
**Staff Report**  
***REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A***  
***QUALIFIED RESIDENTIAL RENTAL PROJECT***

*Prepared by: Ruben Barcelo*

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**Applicant:** California Municipal Finance Authority

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**Allocation Amount Requested:**  
**Tax-exempt:** \$17,984,322

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**Project Information:**  
**Name:** Casa Rita Apartments  
**Project Address:** 6508 Rita Avenue  
**Project City, County, Zip Code:** Huntington Park, Los Angeles, 90255

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**Project Sponsor Information:**  
**Name:** Casa Rita, LP (CADI Eleven, LLC)  
**Principals:** Brian D'Andrea, Ronald M. Griffith, Steve Colman, Oscar Alvarado, Karen Bennett-Green, Serybrem Bass, Howard Chan and Beulah Ku  
**Property Management Company:** John Stewart Companies

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**Project Financing Information:**  
**Bond Counsel:** Quint & Thimmig LLP  
**Private Placement Purchaser:** Citibank, N.A.  
**Cash Flow Permanent Bond:** Not Applicable  
**Public Sale:** Not Applicable  
**Underwriter:** Not Applicable  
**Credit Enhancement Provider:** Not Applicable  
**Rating:** Not Applicable  
**TEFRA Noticing Date:** November 24, 2016  
**TEFRA Adoption Date:** December 20, 2016

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**Description of Proposed Project:**  
**State Ceiling Pool:** General  
**Total Number of Units:** 103  
**Manager's Units:** 1 Unrestricted  
**Type:** Acquisition and Rehabilitation  
**Population Served:** Family

Casa Rita Apartments is an existing project located in Huntington Park on a 1.12-acre site. The project consists of 102 restricted rental units and 1 unrestricted manager's unit. The project provides 72 two-bedroom units and 31 three-bedroom units. Building exterior renovations will consist of replacement of windows, HVAC systems, hot water boilers and fresh paint. Interior renovations will include upgrades to the community room, including new flooring, new paint, updated lounge area and new kitchen appliances. Individual apartment units will be updated as needed with new kitchen appliances, flooring, bathtubs, sinks, vanities, plumbing fixtures and fresh paint. Most of the unit interior unit work will be to satisfy TCAC sustainability standards. The rehabilitation is expected to begin in January 2018 and to be completed in October 2018.

**Description of Public Benefits:**

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

21% (21 units) restricted to 50% or less of area median income households.

79% (81 units) restricted to 60% or less of area median income households.

**Unit Mix:** 2 & 3 bedrooms

The proposed project will not be providing service amenities.

**Term of Restrictions:**

**Income and Rent Restrictions:** 55 years

**Details of Project Financing:**

<b>Estimated Total Development Cost:</b>	\$	26,402,763	
<b>Estimated Hard Costs per Unit:</b>	\$	32,590	(\$3,356,744 /103 units including mgr. units)
<b>Estimated per Unit Cost:</b>	\$	256,338	(\$26,402,763 /103 units including mgr. units)
<b>Allocation per Unit:</b>	\$	174,605	(\$17,984,322 /103 units including mgr. units)
<b>Allocation per Restricted Rental Unit:</b>	\$	176,317	(\$17,984,322 /102 restricted units)

<b>Sources of Funds:</b>	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 17,984,322	\$ 10,930,000
LIH Tax Credit Equity	\$ 0	\$ 7,918,412
General Partner Equity	\$ 476,600	\$ 476,600
Deferred Developer Fee	\$ 740,407	\$ 0
Deferred Costs	\$ 1,498,223	\$ 740,407
Seller Carryback Loan	\$ 637,015	\$ 637,015
Net Income From Operations	\$ 0	\$ 968,344
Century Housing Corp. Legacy Loan	\$ 1,212,985	\$ 1,212,985
Century Housing Corp. Junior Loan	\$ 3,519,000	\$ 3,519,000
Limited Partner Equity	\$ 334,211	\$ 0
<b>Total Sources</b>	\$ 26,402,763	\$ 26,402,763

<b>Uses of Funds:</b>	
Land Cost/Acquisition	\$ 16,700,000
Rehabilitation	\$ 3,393,559
Relocation	\$ 81,900
Contractor Overhead & Profit	\$ 247,200
Architectural Fees	\$ 218,750
Construction Interest and Fees	\$ 1,381,850
Permanent Financing	\$ 139,300
Legal Fees	\$ 205,000
Reserves	\$ 320,157
Appraisal	\$ 7,500
Hard Cost Contingency	\$ 182,575
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 536,999
Developer Costs	\$ 2,952,973
Letter of Credit Fee	\$ 35,000
<b>Total Uses</b>	\$ 26,402,763

**Analyst Comments:**

None.

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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:**

71 out of 140 [See Attachment A]

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**Recommendation:**

Staff recommends that the Committee approves \$17,984,322 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
Preservation Project	20	20	0
Exceeding Minimum Income Restrictions:	35	15	30
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	5.8
Gross Rents	5	5	5
Large Family Units	5	5	5
Leveraging	10	10	5.2
Community Revitalization Area	5	5	0
Site Amenities	10	10	10
Service Amenities	10	10	0
New Construction or Substantial Renovation	10	10	10
Sustainable Building Methods	10	10	0
Forgone Eligible Developer Fee (Competitive Allocation Process Only)	10	10	N/A
Minimum Term of Restrictions (Competitive Allocation Process Only)	10	10	N/A
Negative Points (No Maximum)	-10	-10	0
<b>Total Points</b>	<b>140</b>	<b>120</b>	<b>71</b>