

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
September 20, 2017
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Louise Eller

Applicant: California Public Finance Authority

Allocation Amount Requested:

Tax-exempt: \$13,000,000

Project Information:

Name: Good Shepherd Homes Apartments
Project Address: 510 and 512 Centinela Avenue
Project City, County, Zip Code: Inglewood, Los Angeles, 90302

Project Sponsor Information:

Name: Good Shepherd Homes Preservation, L.P. (Good Shepherd Housing Development Corporation)
Principals: Ken Higginbotham
Property Management Company: CARING Housing Ministries

Project Financing Information:

Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Private Placement Purchaser: R4 Capital Funding
Cash Flow Permanent Bond: Not Applicable
Public Sale: Not Applicable
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Rating: Not Applicable
TEFRA Noticing Date: June 6, 2017
TEFRA Adoption Date: August 3, 2017

Description of Proposed Project:

State Ceiling Pool: General
Total Number of Units: 70
Manager's Units: 1 Unrestricted
Type: Acquisition and Rehabilitation
Population Served: Senior Citizens

Good Shepherd Homes Apartments is an existing project located in Inglewood on a 2.36-acre site. The project consists of 69 restricted rental units and 1 unrestricted manager's unit. The project has 10 studio units and 60 one-bedroom units. The renovations will include building exterior/interior upgrades. Building exterior renovations will consist of replacement of patio covers, widening of common area pathways, common area lighting, improvements to community areas, elevator cab improvements, parking area improvements and paint. Individual apartment units will be updated with air conditioning and heating units, new kitchen and bathroom equipment, new cabinets, kitchen surfaces, new flooring, paint and window treatment. The rehabilitation is expected to begin in December 2017 and completed in August 2018.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
41% (28 units) restricted to 50% or less of area median income households.
59% (41 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:	\$ 21,063,734	
Estimated Hard Costs per Unit:	\$ 26,316	(\$1,842,105 /70 units including mgr. units)
Estimated per Unit Cost:	\$ 300,910	(\$21,063,734 /70 units including mgr. units)
Allocation per Unit:	\$ 185,714	(\$13,000,000 /70 units including mgr. units)
Allocation per Restricted Rental Unit:	\$ 188,406	(\$13,000,000 /69 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 13,000,000	\$ 9,069,532
LIH Tax Credit Equity	\$ 1,679,680	\$ 5,598,934
Deferred Developer Fee	\$ 2,230,960	\$ 2,230,960
Seller Carryback Loan	\$ 4,153,094	\$ 4,164,307
Total Sources	\$ 21,063,734	\$ 21,063,733

Uses of Funds:	
Land Cost/Acquisition	\$ 13,200,000
Rehabilitation	\$ 1,987,631
Relocation	\$ 175,000
Contractor Overhead & Profit	\$ 147,369
Architectural Fees	\$ 130,000
Survey and Engineering	\$ 80,000
Construction Interest and Fees	\$ 1,229,000
Permanent Financing	\$ 158,995
Legal Fees	\$ 130,000
Reserves	\$ 500,150
Appraisal	\$ 8,600
Hard Cost Contingency	\$ 315,000
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 585,549
Developer Costs	\$ 2,416,439
Total Uses	\$ 21,063,733

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:

67.5 out of 140 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$13,000,000 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	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	0
Community Revitalization Area	5	5	0
Site Amenities	10	10	7.5
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	N/A
Minimum Term of Restrictions (Competitive Allocation Process Only)	10	10	N/A
Negative Points (No Maximum)	-10	-10	0
Total Points	140	110	67.5