

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
November 13, 2013
Staff Report
**REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT**

Prepared by: Richard Fischer

Applicant: California Housing Finance Agency

Allocation Amount Requested:
Tax-exempt: \$7,000,000

Project Information:
Name: Ramona Estates Apartments
Project Address: 1929 E. 122nd Street
Project City, County, Zip Code: Compton, Los Angeles, 90222

Project Sponsor Information:
Name: WLCAC Ramona Estates, L.P. (WLCAC Ramona Estates, LLC & Greater Watts Development Corporation)
Principals: Timothy Watkins, Messele Negash, Paulette Hunter, Shamika Shoulders for WLCAC Ramona Estates, LLC; Timothy Watkins and Paulette Hunter for Greater Watts Development Corporation
Property Management Company: Barker Management Company

Project Financing Information:
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Private Placement Purchaser: Red Stone Tax-Exempt \Funding, LLC
TEFRA Hearing Date: July 10, 2013

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 59, plus 1 manager unit
Type: Acquisition and Rehabilitation
Type of Units: Senior Citizens

Ramona Estates is an existing 60 unit senior project on 2.51 acres in Compton, CA. The unit configuration is 60 one bedroom and one bathroom units (approximately 700 square feet) and will continue to serve the over 55 years or older community. The scope of rehabilitation will focus on the replacement of costly and long-lived systems and appliances, increased energy efficiency, and enhancing the visual aspect of the project. During the rehabilitation, the main items being addressed will be the installation of a new cool roof, new exterior paint, landscape and sidewalk repairs, low-e windows, new lighting fixtures, appliances, floors and interior paint. Anticipated start date is in December of this year with a completion date of October 2014.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
31% (18 units) restricted to 50% or less of area median income households.
69% (41 units) restricted to 60% or less of area median income households.
Unit Mix: 1 bedroom

Included service amenities are: Instructor-led educational, health and wellness or skill building classes.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$	15,647,643	
Estimated Hard Costs per Unit:	\$	52,279	(\$3,084,439 /59 units)
Estimated per Unit Cost:	\$	265,214	(\$15,647,643 /59 units)
Allocation per Unit:	\$	118,644	(\$7,000,000 /59 units)
Allocation per Restricted Rental Unit:	\$	118,644	(\$7,000,000 /59 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 7,000,000	\$ 5,578,000
Developer Equity	\$ 997,643	\$ 819,643
LIH Tax Credit Equity	\$ 2,050,000	\$ 3,650,000
Other (Seller Note)	\$ 5,600,000	\$ 5,600,000
Total Sources	\$ 15,647,643	\$ 15,647,643

Uses of Funds:	
Acquisition/Land Purchase	\$ 8,380,000
Hard Construction Costs	\$ 3,084,429
Architect & Engineering Fees	\$ 155,000
Contractor Overhead & Profit	\$ 394,394
Developer Fee	\$ 1,344,089
Relocation	\$ 180,000
Cost of Issuance	\$ 786,719
Capitalized Interest	\$ 467,188
Other Soft Costs (Marketing, etc.)	\$ 855,814
Total Uses	\$ 15,647,633

Description of Financial Structure and Bond Issuance:

This will be a \$7,000,000 Private Placement Transaction purchased by Red Stone and issued by California Housing Finance Agency. Terms of the bonds are 16.5 years mandatory tender with a maturity of 40 years after the initial 15 months of Interest only payments (Construction period). The Interest rate is 6% per annum fixed rate on the bonds.

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:

61 out of 130

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$7,000,000 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
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	0
Community Revitalization Area	15	15	0
Site Amenities	10	10	10
Service Amenities	10	10	5
New Construction	10	10	0
Sustainable Building Methods	10	10	6
Negative Points	-10	-10	0
Total Points	130	100	61

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.