

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
October 21, 2015
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Devon King

Applicant: California Housing Finance Agency

Allocation Amount Requested:

Tax-exempt: \$30,114,881

Project Information:

Name: Rowland Heights Terrace Apartments
Project Address: 1945 South Baston Avenue
Project City, County, Zip Code: Rowland Heights , Los Angeles, 91748

Project Sponsor Information:

Name: Rowland Preservation Limited Partnership (Rowland Preservation Partners LLC and JHC-Rowland LLC)
Principals: William E. Szymczak, John T. Sweazey, James Reid, Andrea Reid, James Suekama, Lisa Connor, Michael Sapuppo, Paul A. Renno for Rowland Preservation Partners LLC. Laura Archuleta, Marcy V Finamore Mary Jo Goelzer for JHC-Rowland LLC
Property Management Company: Preservation Partners Management Group, INC.

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: September 15, 2015

Description of Proposed Project:

State Ceiling Pool: General
Total Number of Units: 142, plus 1 manager unit
Type: Acquisition and Rehabilitation
Type of Units: Family

The proposed project is located in Rowland Heights, California. The site is one contiguous parcel containing 8.37 acres which equates to 364,597 square feet. The existing property contains 37 residential buildings containing 144 units, 2 laundry buildings, a community building, a small storage building and carports for 216 cars. The 144 units consist of 112 two bedroom and 32 three bedroom units which are of townhouse design. The buildings are wood frame construction with wood siding and composition shingle roofs. The project's community amenities include a community room/clubhouse, central laundry facility, picnic area, playground, on-site management, basketball court, swimming pool, and an after school program. The project is currently has 39 two-story garden-style residential buildings and one-story community building. The project's unit amenities include a patio/balcony, carpeting and vinyl floorings, blinds, coat closet, and central air conditioning. Kitchen appliances include a refrigerator, garbage disposal, and range. The project's scope of renovation will include, but will not be limited to new kitchen and bathroom cabinets and counter tops, new windows, new roof, new appliances, new flooring, new interior LED lighting, new low flow water faucets and toilets, and new painting. The projected rehabilitation start date is January 2016, with an estimated completion date of December 2016.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%

11% (15 units) restricted to 50% or less of area median income households.

89% (127 units) restricted to 60% or less of area median income households.

Unit Mix: 2 & 3 bedrooms

The proposed project will provide one service amenity. The amenity will be an instructor led educational, health and wellness, or skill building class.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$ 32,037,322	
Estimated Hard Costs per Unit:	\$ 25,588	(\$3,633,528 /142 units)
Estimated per Unit Cost:	\$ 225,615	(\$32,037,322 /142 units)
Allocation per Unit:	\$ 212,077	(\$30,114,881 /142 units)
Allocation per Restricted Rental Unit:	\$ 212,077	(\$30,114,881 /142 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 24,100,000	\$ 15,461,000
Taxable Bond Proceeds	\$ 0	\$ 1,080,000
LIH Tax Credit Equity	\$ 1,922,441	\$ 9,481,441
Other (Tax Exempt Seller Carryback)	\$ 6,014,881	\$ 6,014,881
Total Sources	\$ 32,037,322	\$ 32,037,322

Uses of Funds:	
Acquisition/Land Purchase	\$ 23,000,000
Hard Construction Costs	\$ 3,633,529
Architect & Engineering Fees	\$ 100,000
Contractor Overhead & Profit	\$ 526,135
Developer Fee	\$ 2,500,000
Legal Fees	\$ 162,730
Relocation	\$ 309,600
Cost of Issuance	\$ 372,240
Operating Reserve	\$ 412,442
Construction and Permanent Financing	\$ 331,850
Other Soft Costs (Marketing, etc.)	\$ 688,796
Total Uses	\$ 32,037,322

Description of Financial Structure and Bond Issuance:

The proposed financial structure will be a private placement provided by Citibank N.A. for both the construction and permanent financing phases. During the construction financing phase the loan term will be for 24 months with a fixed interest rate of 4.60%. During the permanent financing phase, the loan term will be for 30 years with an amortization period of 35 years at a (fixed/variable) rate of 4.60%. There was no underwritten rate provided.

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 \$30,114,881 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	25
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Federally Assisted At-Risk Project or HOPE VI Project]	[10]	[10]	10
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.