

**THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**  
**December 16, 2015**  
**Staff Report**  
**REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A**  
**QUALIFIED RESIDENTIAL RENTAL PROJECT**

*Prepared by: Sarah Lester*

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**Applicant:** California Municipal Finance Authority

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**Allocation Amount Requested:**  
**Tax-exempt:** \$5,122,872

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**Project Information:**  
**Name:** Sycamore Village Apartments  
**Project Address:** 523 S. Rampart Boulevard  
**Project City, County, Zip Code:** Los Angeles, Los Angeles, 90057

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**Project Sponsor Information:**  
**Name:** Sycamore Village Rehab, LP (Sycamore Village Rehab, GP; and American Affordable Housing Incorporated)  
**Principals:** Fariba Atighehchi, Dr. Youran Nassir and Neil Socquet for Sycamore Village Rehab, GP; Genny Alberts, Gloria Farias, Esthela Arana and Angel Menjivar for America Affordable Housing Incorporated  
**Property Management Company:** Genessy Management and Development, LLC

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**Project Financing Information:**  
**Bond Counsel:** Quint & Thimmig LLP  
**Underwriter:** Not Applicable  
**Credit Enhancement Provider:** Not Applicable  
**Private Placement Purchaser:** Oak Grove Capital  
**TEFRA Adoption Date:** September 11, 2015

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**Description of Proposed Project:**  
**State Ceiling Pool:** General  
**Total Number of Units:** 29, plus 1 manager unit  
**Type:** Acquisition and Rehabilitation  
**Type of Units:** Family

The proposed project is an acquisition and rehabilitation of a 30 unit apartment building serviced by an elevator built in 2000. The property site is approximately 24,828 square feet with a building size of 42,288 square feet and is located in the City and County of Los Angeles. There are a total of 15 four-bedroom and two-bathroom units and 15 three-bedroom and two-bathroom units for large households earnings at or below 40% AMI. The scope of rehabilitation will include: replacing exterior and interior doors, windows and sliding glass doors, kitchen cabinets, countertops, and install energy star appliances, bathroom vanities, countertops, toilets, and sinks, flooring (as needed), water heaters, signage; repaving of asphalt driveways; upgrading irrigation system, ADA compliance; repainting all interiors and exteriors with no VOC paint; and installing new energy star laundry room equipment. According to the project's market study, rehabilitation will occur depending on approval of tax credits and lease-up will occur on an ongoing basis as units are completed. These events will occur approximately in 2015.

**Description of Public Benefits:**

**Percent of Restricted Rental Units in the Project:** 100%  
100% (29 units) restricted to 50% or less of area median income households.  
**Unit Mix:** 3 & 4 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>	\$ 7,212,900	
<b>Estimated Hard Costs per Unit:</b>	\$ 35,086	(\$1,017,500 /29 units)
<b>Estimated per Unit Cost:</b>	\$ 248,721	(\$7,212,900 /29 units)
<b>Allocation per Unit:</b>	\$ 176,651	(\$5,122,872 /29 units)
<b>Allocation per Restricted Rental Unit:</b>	\$ 176,651	(\$5,122,872 /29 restricted units)

<b>Sources of Funds:</b>	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 5,122,872	\$ 2,219,646
Developer Equity	\$ 0	\$ 1,699,929
LIH Tax Credit Equity	\$ 1,235,973	\$ 2,471,946
Def. Developer Fee	\$ 854,055	\$ 694,276
Other (Solar Tax Credit Equity)	\$ 0	\$ 127,103
<b>Total Sources</b>	<b>\$ 7,212,900</b>	<b>\$ 7,212,900</b>

<b>Uses of Funds:</b>	
Acquisition/Land Purchase	\$ 4,600,000
Hard Construction Costs	\$ 1,017,500
Architect & Engineering Fees	\$ 30,000
Contractor Overhead & Profit	\$ 142,450
Developer Fee	\$ 854,055
Legal Fees	\$ 25,000
Relocation	\$ 30,000
Cost of Issuance	\$ 169,645
Construction and Permanent Financing	\$ 268,645
Other Soft Costs (Marketing, etc.)	\$ 75,605
<b>Total Uses</b>	<b>\$ 7,212,900</b>

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**Description of Financial Structure and Bond Issuance:**

The financial structure for the proposed project will be a private placement transaction provided by Oak Grove Capital (the "Bank") for both construction and permanent financing. The Bank proposes to provide this non-recourse financing via a Freddie Mac Tax Exempt Loan. During the construction and permanent phases, the interest rate will be a fixed rate of 4.50%. During the permanent financing phase, the loan term will be for 16 years with an amortization period of 35 years. The bonds will be issued by the California Municipal Finance Authority.

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**Analyst Comments:**

The Project Sponsor has certified that neither Mr. Albert Otero, American Housing Construction, Inc. nor any related parties or entities are directly involved with the development of the project nor will they be involved in the post-sale ownership or be involved as a post-sale financier. Further, the Project Sponsors and Developer have agreed that if CDLAC determines Mr. Albert Otero, American Housing Construction, Inc. or any related parties are involved in the project's structure during the regulatory period, the Project Sponsors and Developer will be debarred for three years unless Mr. Otero's current CDLAC debarment has been lifted.

CDLAC will require a copy of the project's Final Closing Statements for both the Buyer and the Seller before release of the Performance Deposit. If Final Closing Statements are not received by CDLAC, the Sponsor and Developer will be suspended from participating in the program until a Final Closing Statements are provided.

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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:** 62.5 out of 130  
[See Attachment A]

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**Recommendation:**

Staff recommends that the Committee approve \$5,122,872 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]	10
Gross Rents	5	5	5
Large Family Units	5	5	5
Leveraging	10	10	0
Community Revitalization Area	15	15	0
Site Amenities	10	10	7.5
Service Amenities	10	10	0
New Construction	10	10	0
Sustainable Building Methods	10	10	0
Negative Points	-10	-10	0
<b>Total Points</b>	<b>130</b>	<b>100</b>	<b>62.5</b>

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.