

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
September 21, 2016
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Louise Eller

Applicant: California Municipal Finance Authority

Allocation Amount Requested:
Tax-exempt: \$19,850,000

Project Information:
Name: Skid Row Central 1 Apartments (Scattered Site)
Project Address: 905 East 6th Street - 90021; 507 Maple Avenue - 90013
Project City, County, Zip Code: Los Angeles, Los Angeles, See address for Zip

Project Sponsor Information:
Name: Skid Row Central 1 LP (Skid Row Central 1 GP LLC)
Principals: Mike Alvidrez and Dana Trujillo for Skid Row Central 1 GP LLC
Property Management Company: SRHT Property Management Company

Project Financing Information:
Bond Counsel: Quint & Thimmig LLP
Private Placement Purchaser: Wells Fargo Bank, N.A. (construction)
Public Sale: Not Applicable
Underwriter: Not Applicable
TEFRA Noticing Date: June 10, 2016
TEFRA Adoption Date: June 27, 2016

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 111, plus 2 manager units
Type: Acquisition and Rehabilitation
Type of Units: Family/Special Needs

Skid Row Central 1 Apartments is a scattered site located in Los Angeles consisting of Rossmore Apartments and Weldon Apartments. Rossmore has a total of 57 apartments and Weldon has a total of 54 units. All 111 units are studios. Rossmore is located on a 0.06 acre lot and Weldon is located on a 0.05 acre lot. The focus of the renovation will be on major building systems, interior finishes, sustainability upgrades, modernization of common areas and units, and accessibility upgrades. These upgrades include reconfiguration and improvement of both lobbies and ground floor community areas, installation of an elevator at Rossmore, upgrades to the community kitchens, cabinetry, appliances, storage, countertops, and finishes, and the lounge areas will be furnished. The shared bathrooms will be renovated with new finishes, including accessibility features to meet the needs of residents with physical disabilities. The bathroom plumbing will be improved to prevent clogs and floods. Construction is expected to begin October 2016 and complete within a year in October 2017.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
50% (56 units) restricted to 50% or less of area median income households.
50% (55 units) restricted to 60% or less of area median income households.
Unit Mix: Studio

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:	\$	32,028,312	
Estimated Hard Costs per Unit:	\$	93,225	(\$10,347,967 /111 units)
Estimated per Unit Cost:	\$	288,543	(\$32,028,312 /111 units)
Allocation per Unit:	\$	178,829	(\$19,850,000 /111 units)
Allocation per Restricted Rental Unit:	\$	178,829	(\$19,850,000 /111 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 19,850,000	\$ 0
LIH Tax Credit Equity	\$ 2,134,195	\$ 14,708,140
Developer Equity	\$ 100	\$ 2,272,697
HCD VHHP	\$ 0	\$ 3,141,710
FHLB AHP	\$ 0	\$ 2,000,000
GP Loan (Reserves)	\$ 0	\$ 891,964
Greenland TFAR	\$ 0	\$ 300,000
Deferred Costs	\$ 1,330,216	\$ 0
Seller Carryback Loan	\$ 2,159,695	\$ 2,159,695
LA Housing and Community Invest. Dept. - CRA	\$ 3,589,140	\$ 3,589,140
LA Housing and Community Invest. Dept. - LAHD	\$ 2,964,966	\$ 2,964,966
Total Sources	\$ 32,028,312	\$ 32,028,312

Uses of Funds:	
Land Cost/Acquisition	\$ 8,890,140
Rehabilitation	\$ 11,654,021
Relocation	\$ 94,948
Contractor Overhead	\$ 301,397
Architectural Fees	\$ 753,265
Survey and Engineering	\$ 114,000
Construction Interest and Fees	\$ 1,418,560
Permanent Financing	\$ 45,000
Legal Fees	\$ 171,000
Reserves	\$ 739,706
Appraisal	\$ 18,750
Contingency Cost	\$ 2,391,084
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 1,763,744
Developer Costs	\$ 3,672,697
Total Uses	\$ 32,028,312

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:

80 out of 140

[See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$19,850,000 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
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	10
Community Revitalization Area	5	5	0
Site Amenities	10	10	0
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	0
Minimum Term of Restrictions (Competitive Allocation Process Only)	10	10	0
Negative Points (No Maximum)	-10	-10	0
Total Points	140	110	80

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.