

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 Statewide Communities Development Authority

Allocation Amount Requested:
Tax-exempt: \$12,000,000

Project Information:
Name: The Salvation Army Bell Oasis Apartments
Project Address: 5600 Rickenbacker Road
Project City, County, Zip Code: Los Angeles, Los Angeles, 90201

Project Sponsor Information:
Name: The Salvation Army Bell Oasis Apartments. L.P. (The Salvation Army Westwood Village, Inc.)
Principals: David Jeffrey, James M. Knaggs, Doug Riley, Victor R. Doughty, Stephen C. Smith, Lee Lescano and Carolyn R. Knaggs for The Salvation Army Bell Westwood Village, Inc.
Property Management Company: The John Stewart Company

Project Financing Information:
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Private Placement Purchaser: U.S. Bank National Association (construction)
Public Sale: Not Applicable
Underwriter: Not Applicable
TEFRA Noticing Date: April 7, 2016
TEFRA Adoption Date: May 11, 2016

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 64, plus 1 manager unit
Type: New Construction
Type of Units: Family/Special Needs

The Salvation Army Bell Oasis Apartments is a new construction project and will be built in Los Angeles on a 69,630 square foot parcel. The project consists of 64 restricted units and 1 managers' unit. The property is entirely dedicated to aiding homeless persons, and presently includes a large emergency shelter and transitional housing facility, and amenities and storage areas connected to assisting the homeless. Bell Oasis Apartments will provide permanent, supportive housing and comprehensive, case managed supportive services for all residents. The project will comprise 64 studio apartments within two 3-story buildings, along with a 1-story community building. The construction is expected to start November 2016 and complete January 2018.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
50% (32 units) restricted to 50% or less of area median income households.
50% (32 units) restricted to 60% or less of area median income households.
Unit Mix: Studio

The project will be providing a bona fide service coordinator/social worker for a minimum of 226 hours per year.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost: \$ 23,153,813
Estimated Hard Costs per Unit: \$ 187,978 (\$12,030,621 /64 units)
Estimated per Unit Cost: \$ 356,213 (\$23,153,813 /65 units including manager unit)
Allocation per Unit: \$ 187,500 (\$12,000,000 /64 units)
Allocation per Restricted Rental Unit: \$ 187,500 (\$12,000,000 /64 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 12,000,000	\$ 0
Los Angeles CDC	\$ 2,572,750	\$ 2,572,750
LIH Tax Credit Equity	\$ 1,198,524	\$ 9,065,239
General Partner Loan	\$ 2,604,308	\$ 2,604,308
CalHFA Mental Health Services Act	\$ 1,200,000	\$ 1,200,000
Deferred Costs	\$ 2,103,232	\$ 0
General Partner Land Contribution	\$ 1,475,000	\$ 1,475,000
Accrued Interest	\$ 0	\$ 229,521
HCD VHHP	\$ 0	\$ 4,506,995
FHLB Affordable Housing Program	\$ 0	\$ 1,500,000
Total Sources	\$ 23,153,814	\$ 23,153,813

Uses of Funds:	
Land Cost/Acquisition	\$ 1,475,000
New Construction	\$ 13,746,429
Contractor Overhead	\$ 264,125
Architectural Fees	\$ 910,686
Survey and Engineering	\$ 95,000
Construction Interest and Fees	\$ 1,258,414
Permanent Financing	\$ 55,430
Legal Fees	\$ 190,000
Reserves	\$ 1,321,747
Appraisal	\$ 10,000
Contingency Cost	\$ 1,107,284
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 1,319,698
Developer Costs	\$ 1,400,000
Total Uses	\$ 23,153,813

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:

85 out of 140

[See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$12,000,000 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	0
Exceeding Minimum Income Restrictions:	35	15	35
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	10
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	5
New Construction or Substantial Renovation	10	10	10
Sustainable Building Methods	10	10	10
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	120	85

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.