

**THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**  
**May 18, 2011**  
**Staff Report**  
**REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A**  
**QUALIFIED RESIDENTIAL RENTAL PROJECT**

*Prepared by: Richard Fischer*

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**Applicant:** California Municipal Finance Authority

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**Allocation Amount Requested:**  
**Tax-exempt:** \$8,500,000

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**Project Information:**  
**Name:** Casa Griffin Apartments  
**Project Address:** 2669 North Griffin Avenue  
**Project City, County, Zip Code:** Los Angeles, Los Angeles, 90031

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**Project Sponsor Information:**  
**Name:** Griffin, L.P. (Intercontinental Affordable Housing, Inc. and Robert Lehman, an individual)  
**Principals:** Robert J. Lehmann, Daniel Gutierrez and Jey Samuel for Intercontinental Affordable Housing, Inc. and Robert J. Lehman as an individual.

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**Project Financing Information:**  
**Bond Counsel:** Quint & Thimmig LLP  
**Underwriter:** Merchant Capital, L.L.C.  
**Credit Enhancement Provider:** Merchant Capital, L.L.C.  
**Private Placement Purchaser:** Not Applicable  
**TEFRA Hearing Date:** February 9, 2011

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**Description of Proposed Project:**  
**State Ceiling Pool:** General  
**Total Number of Units:** 39, plus 1 manager unit  
**Type:** Acquisition and Rehabilitation  
**Type of Units:** Family/Federally Assisted At-Risk

The building consists of 39 units with 24 two-bedroom one-bath units and 15 three-bedroom two-bath units. The interior measurements for the two-bedroom units are 679 square feet and three-bedroom units are 960 square feet. The unit amenities include wall heat, blinds, carpeting and coat closet. Appliances include stove/oven, garbage disposal, refrigerator, and the addition of washer/dryer hookups and microwaves will be included. The building has secure parking for 48 total spaces consisting of garage spaces and open spaces. Common area amenities include on-site laundry facilities, on-site management office, community room with computers and internet access, and a central courtyard.

**Description of Public Benefits:**

**Percent of Restricted Rental Units in the Project:** 100%  
79% (31 units) restricted to 50% or less of area median income households.  
21% (8 units) restricted to 60% or less of area median income households.  
**Unit Mix:** 2 & 3 bedrooms

Project will provide tenants with high-speed internet service (paid by the Project Sponsor) in each unit of an on-going nature.

**Term of Restrictions:**

**Income and Rent Restrictions:** 55 years

**Details of Project Financing:**

**Estimated Total Development Cost:** \$ 14,116,047  
**Estimated Hard Costs per Unit:** \$ 32,210 (\$1,256,198 /39 units)  
**Estimated per Unit Cost:** \$ 361,950 (\$14,116,047 /39 units)  
**Allocation per Unit:** \$ 217,949 (\$8,500,000 /39 units)  
**Allocation per Restricted Rental Unit:** \$ 217,949 (\$8,500,000 /39 restricted units)

<b>Sources of Funds:</b>	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 8,500,000	\$ 8,500,000
Taxable Bond Proceeds	\$ 3,600,000	\$ 1,000,000
Developer Equity	\$ 776,573	\$ 538,631
LIH Tax Credit Equity	\$ 945,981	\$ 3,783,923
Other (Bond Interest Income)	\$ 293,493	\$ 293,493
<b>Total Sources</b>	<b>\$ 14,116,047</b>	<b>\$ 14,116,047</b>
<b>Uses of Funds:</b>		
Acquisition Cost	\$ 10,080,000	
Hard Construction Costs	\$ 1,256,198	
Architect & Engineering Fees	\$ 166,151	
Contractor Overhead & Profit	\$ 92,000	
Developer Fee	\$ 1,474,230	
Cost of Issuance	\$ 260,698	
Capitalized Interest	\$ 659,270	
Other Soft Costs (Marketing, etc.)	\$ 127,500	
<b>Total Uses</b>	<b>\$ 14,116,047</b>	

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

Upon issuance, Merchant Capital, LLC will purchase the bonds. The bond proceeds will be loaned to Casa Griffin L.P. to fund the rehabilitation of the Project. The proceeds will be administered by Merchant Capital LLC and is anticipated to be \$8,500,000 secured by a Multifamily Deed of Trust in the first position . The permanent loan anticipated all-in tax exempt fixed rate of 5.85%.

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**Analyst Comments:**

Section 8 Housing Assistance Payments program renewal.

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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:** 68 out of 128

[See Attachment A]

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**Recommendation:**

Staff recommends that the Committee approve \$8,500,000 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
Federally Assisted At-Risk Project or HOPE VI Project	20	20	10
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	0
Large Family Units	5	5	5
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	8	8	3
Negative Points	-10	-10	0
<b>Total Points</b>	<b>128</b>	<b>108</b>	<b>68</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.