

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
September 26, 2012
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Crystal Alvarez

Applicant: California Statewide Communities Development Authority

Allocation Amount Requested:
Tax-exempt: \$16,000,000

Project Information:

Name: Columbia Apartments (scattered sites)
Project Address: 415 E. Adams Boulevard
1034 S. Catalina Street
1043 S. Kingsley Drive
1137 and 1147 S. Bronson Avenue
1522 W. 11th Place
Project City, County, Zip Code: Los Angeles, Los Angeles, 90011, 90006, 90019 and 90015

Project Sponsor Information:

Name: Columbia One, LP (IAHI (International Affordable Housing Inc.) Columbia, LLC and Johnathan Hawke)
Principals: Juan C. Chavez, Jey Samuel and Scott Park for IAHI-Columbia, LLC
Property Management Company: Genessay Mgt and Development, LLC

Project Financing Information:

Bond Counsel: Kutak Rock LLP
Underwriter: CW Capital
Credit Enhancement Provider: CW Capital/ Freddie Mac
Private Placement Purchaser: International Finance, LLC
TEFRA Hearing Date: June 19, 2012

Description of Proposed Project:

State Ceiling Pool: General
Total Number of Units: 127 units
Type: Acquisition and Rehabilitation
Type of Units: Family

Columbia Apartments consists of 127 units in six (6) buildings at five (5) scattered sites in Los Angeles. The buildings are located in the central portion of Los Angeles in four different neighborhoods (Pico Union, Wilshire Center Koreatown, Olympic Park and Southeast Wilshire Central Areas). All areas are urban locations that are densely populated and exhibit a wide variety of land uses. All of the sites are within close proximity to healthcare services, public transportation and retail. Existing and/or planned unit amenities include wall heaters, blinds, patio/balcony, ceiling fans and a coat closet. As the opportunity presents itself and the construction is feasible, the Project Sponsor desires that all electric utilities will be set-up to run on photovoltaic solar power. The scope of the rehabilitation consists primarily of interior items such as new floor coverings, VOC interior finishes, conversion of gas ranges to electric to benefit from Solar Energy, refinish roofs and replacement of kitchen and bathroom fixtures.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
50% (64 units) restricted to 50% or less of area median income households.
50% (63 units) restricted to 60% or less of area median income households.
Unit Mix: Studio, 1 & 2 bedrooms

No service amenities will be provided.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$ 29,915,328	
Estimated Hard Costs per Unit:	\$ 46,000	(\$5,842,000 /127 units)
Estimated per Unit Cost:	\$ 235,554	(\$29,915,328 /127 units)
Allocation per Unit:	\$ 125,984	(\$16,000,000 /127 units)
Allocation per Restricted Rental Unit:	\$ 125,984	(\$16,000,000 /127 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 16,000,000	\$ 16,000,000
Developer Equity	\$ 684,428	\$ 91,727
LIH Tax Credit Equity	\$ 2,230,900	\$ 8,923,601
Seller's Note	\$ 11,000,000	\$ 4,900,000
Total Sources	\$ 29,915,328	\$ 29,915,328

Uses of Funds:	
Acquisition/Land Purchase	\$ 18,000,000
Hard Construction Costs	\$ 5,842,000
Architect & Engineering Fees	\$ 115,000
Contractor Overhead & Profit	\$ 711,200
Developer Fee	\$ 2,500,000
Cost of Issuance	\$ 818,548
Capitalized Interest	\$ 1,362,580
Other Soft Costs (Marketing, etc.)	\$ 566,000
Total Uses	\$ 29,915,328

Description of Financial Structure and Bond Issuance:

The tax-exempt bonds will be both credit enhanced and privately placed. CW Capital will credit enhance the A series of bonds through the Freddie Mac Moderate Rehabilitation Bond Credit Enhancement Program in the amount of \$15,000,000. The interest rate as of today is 5.188% for 15 years with an amortization of 35 years. The remaining \$1,000,000 Series B portion will be privately placed with International Finance, LLC, a qualified buyer. The private placement portion will carry an interest rate of 4.25% subject to market conditions for a period of 30 years.

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:

69 out of 130

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$16,000,000 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
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	5
Large Family Units	5	5	0
Leveraging	10	10	0
Community Revitalization Area	15	15	0
Site Amenities	10	10	9
Service Amenities	10	10	0
New Construction	10	10	0
Sustainable Building Methods	10	10	10
Negative Points	-10	-10	0
Total Points	130	110	69

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.