

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
November 14, 2012
Staff Report
*REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT*

Prepared by: Narisha Bonakdar

Applicant: California Housing Finance Agency

Allocation Amount Requested:
Tax-exempt: \$6,000,000

Project Information:
Name: Coronado Place Apartments
Project Address: 671 S. Coronado Street
Project City, County, Zip Code: Los Angeles, Los Angeles, 90057

Project Sponsor Information:
Name: Deep Green Housing and Community Development
Principals: JoAnne Yokota, Zoe Ellas, and Diana Rogers (Deep Green Housing and Community Development)
Property Management Company: Deep Green Property Management, LLC

Project Financing Information:
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Credit Enhancement Provider: US Department of Housing and Urban Development
Private Placement Purchaser: US Treasury (NIBP)
TEFRA Hearing Date: September 24, 2012

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 40, plus 0 manager units
Type: Acquisition and Rehabilitation
Type of Units: Family

Coronado Place Apartments is a proposed acquisition and rehabilitation of an existing 40-unit development located in the City of Los Angeles. The property consists of 13 one-bedroom units, 15 two-bedroom units, and 12 three-bedroom units. All of the units will be income-restricted to households earning between 50 and 60 percent of Area Median Income. Each unit will include EnergyStar® appliances and a ceiling fan. The property will include a community room, a laundry room, and outdoor landscaping.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
55% (22 units) restricted to 50% or less of area median income households.
45% (18 units) restricted to 60% or less of area median income households.
Unit Mix: 1, 2 & 3 bedrooms

The property will include an onsite bona fide service coordinator or social worker for a minimum of 8 hours per week.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$ 11,113,385	
Estimated Hard Costs per Unit:	\$ 56,625	(\$2,265,000 /40 units)
Estimated per Unit Cost:	\$ 277,835	(\$11,113,385 /40 units)
Allocation per Unit:	\$ 150,000	(\$6,000,000 /40 units)
Allocation per Restricted Rental Unit:	\$ 150,000	(\$6,000,000 /40 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 6,000,000	\$ 1,760,000
Deferred Developer Fee	\$ 37,000	\$ 535,819
LIH Tax Credit Equity	\$ 1,032,671	\$ 3,442,236
Direct & Indirect Public Funds	\$ 3,175,330	\$ 3,175,330
Seller Carry Note	\$ 0	2,000,000
Other: Reserves	\$ 200,000	\$ 200,000
Total Sources	\$ 10,445,001	\$ 11,113,385

Uses of Funds:	
Acquisition/Land Purchase	\$ 6,050,000
Rehabilitation Costs	\$ 2,658,000
Relocation	\$ 190,125
Architectural	\$ 80,000
Survey & Engineering	\$ 55,000
Contingency Costs	\$ 435,455
Construction Period Expenses	\$ 326,326
Permanent Financing Expenses	\$ 55,000
Legal Fees	\$ 135,000
Capitalized Reserves	\$ 140,265
Reports & Studies	\$ 55,500
Other	\$ 115,700
Total Developer Costs	\$ 817,014
Total Uses	\$ 11,113,385

Description of Financial Structure and Bond Issuance:

The financing for Coronado Place will be provided through CalHFA's Preservation Loan Program. The financing structure will include the private placement of \$6,000,000 in tax-exempt private activity bonds provided by the US Treasury (NIBP) in conjunction with a credit enhancement from a CalHFA/HUD risk share agreement. The construction loan will be a 12-month interest-only loan at a fixed rate of 5%. The permanent loan will carry the same interest rate, with a 16-year loan term amortized over 35 years.

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: 78 out of 130

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$6,000,000 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	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	10
Service Amenities	10	10	5
New Construction	10	10	0
Sustainable Building Methods	10	10	8
Negative Points	-10	-10	0
Total Points	130	100	78

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.