

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
December 10, 2014
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Brian Clark

Applicant: California Statewide Communities Development Authority

Allocation Amount Requested:
Tax-exempt: \$9,000,000

Project Information:
Name: Northwest Manor I Apartments
Project Address: 985, 1009 N. Raymond Avenue; 1010, 1050 N. Summit Avenue
Project City, County, Zip Code: Pasadena, Los Angeles, 91103

Project Sponsor Information:
Name: NW Manor Community Partners, LP (AHDF – NW Manor G/P, LLC & WNC – NW Manor G/P, LLC)
Principals: Michael K. Moore, Perry G. Harenda & Brian D. Brooks for AHDF – NW Manor G/P, LLC; Anand Kannan for WNC – NW Manor G/P, LLC
Property Management Company: Professional Property Management, LLC

Project Financing Information:
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Private Placement Purchaser: Citibank, NA
TEFRA Adoption Date: October 20, 2014

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 43, plus 1 manager unit
Type: Acquisition and Rehabilitation
Type of Units: Family

The proposed scattered-site Project is located in Pasadena and will consist of 5 existing two-story residential buildings located at 985 N. Raymond Avenue (8 two bedroom units; 2 units at 50% AMI and 6 units at 60% AMI), 1009 N. Raymond Avenue (two buildings containing 10 one-bedroom units, 7 two-bedroom units and a single two-bedroom manager's unit; 3 units at 50% AMI and 14 units at 60% AMI), 1010 N. Summit Avenue (4 one-bedroom units and 4 two-bedroom units; 2 units at 50% AMI and 6 units at 60% AMI) and 1050 N. Summit Avenue (10 two-bedroom units; 2 units at 50% AMI and 8 units at 60% AMI). All of the Project's 43 tenant units will be income restricted. The Project receives rental subsidies for all tenant units pursuant to a Project-Based Section 8 Housing Assistance Payment (HAP) Contract issued by the U.S. Department of Housing and Urban Development (HUD) that will expire on May 31, 2015. Rehabilitation work will include repair/replacement of roofing, windows, cabinets, flooring, plumbing, curbs and gutters. A management office/community building and playground will also be constructed at 1009 N. Raymond Ave. for use by all Project tenants. Each unit will have a refrigerator, stove, carpeting and window treatments. Each location will have laundry facilities, gated entries and surface parking. Rehabilitation is anticipated to commence in February 2015 and be completed by December 31, 2015.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
21% (9 units) restricted to 50% or less of area median income households.
79% (34 units) restricted to 60% or less of area median income households.
Unit Mix: 1 & 2 bedrooms

There are no service amenities.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$	10,732,445	
Estimated Hard Costs per Unit:	\$	32,429	(\$1,394,465 /43 units)
Estimated per Unit Cost:	\$	249,592	(\$10,732,445 /43 units)
Allocation per Unit:	\$	209,302	(\$9,000,000 /43 units)
Allocation per Restricted Rental Unit:	\$	209,302	(\$9,000,000 /43 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 9,000,000	\$ 6,750,000
Developer Equity	\$ 300,982	\$ 88,276
LIH Tax Credit Equity	\$ 1,045,018	\$ 3,507,724
NOI/Bridge Loan Interest/ Cap Interest	\$ 386,445	\$ 386,445
Total Sources	\$ 10,732,445	\$ 10,732,445

Uses of Funds:	
Acquisition/Land Purchase	\$ 6,300,000
Hard Construction Costs	\$ 1,394,465
Architect & Engineering Fees	\$ 74,600
Contractor Overhead & Profit	\$ 111,557
Developer Fee	\$ 1,287,819
Relocation	\$ 50,000
Cost of Issuance	\$ 113,650
Capitalized Interest	\$ 275,424
Other Soft Costs (Marketing, etc.)	\$ 1,124,930
Total Uses	\$ 10,732,445

Description of Financial Structure and Bond Issuance:

The bonds will be purchased as a private placement transaction by Citibank, NA. The construction phase will be for a period of 24 months, during which the construction loan will at a fixed rate equal to 30-day LIBOR plus 2.00% and a 1.00% cushion, for an all-in rate of 3.15%. The permanent loan will have a 30 year term, a 35 year amortization period and will bear interest at a fixed rate equal to 16-year LIBOR plus 1.70 %, for an all-in rate of 4.70%.

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: 65 out of 130

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$9,000,000 in tax exempt bond allocation on a carryforward basis.

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	20
Exceeding Minimum Income Restrictions:	35	15	30
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	10
Service Amenities	10	10	0
New Construction	10	10	0
Sustainable Building Methods	10	10	0
Negative Points	-10	-10	0
Total Points	130	110	65

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.