

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
December 16, 2015
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Devon King

Applicant: California Public Finance Authority

Allocation Amount Requested:
Tax-exempt: \$4,500,000

Project Information:
Name: Pacific Rim Apartments
Project Address: 230 S. Grevillea Avenue
Project City, County, Zip Code: Inglewood, Los Angeles, 90301

Project Sponsor Information:
Name: Pacific Rim Preservation, L.P. (Figueroa Economical Housing Development Corporation)
Principals: Charles Cline, Estella Brown for Figueroa Housing Development Corporation
Property Management Company: Monfric, Inc

Project Financing Information:
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Private Placement Purchaser: Red Stone Partners
TEFRA Adoption Date: October 7, 2015

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/Special Needs

Pacific Rim Apartments is located approximately 15 miles southeast of Downtown Los Angeles in the city of Inglewood. Pacific Rim Apartments was built in 1992 and consists of 40 units of section 8 housing on three floors. The shape of the site is rectangular and the topography is flat. The site amenities include security gates and fencing; onsite parking; a community room; picnic/bbq area; site management; laundry facility; landscaping. The unit configuration is as follows: Pacific Rim Apartments has a mix of 39 one bedroom and 1 two bedroom units. Unit amenities include a range, window blinds, refrigerator, garbage disposal, air conditioning and heating. The rehabilitation will be done with the tenants in place and will include upgrade for air conditioning and heating units, mechanical and electrical. Interior upgrades will include new kitchen and bathroom equipment, new cabinets, new kitchen surfaces, new flooring, paint and new window treatments. Exterior upgrades will include replacement of certain patio covers, widening of common area pathways, common area lighting, improvements to community areas, elevator cab improvements, parking area improvements and paint. The subject has a very nice, park-like campus atmosphere. It is entirely gated and secure and offers an environment that encourages interaction amongst the residents. Rehabilitation is expected to start March 16, 2016 and end September 16, 2016.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%

41% (16 units) restricted to 50% or less of area median income households.

59% (23 units) restricted to 60% or less of area median income households.

Unit Mix: 1 bedroom

The proposed project will not be providing service amenities.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$ 7,688,046	
Estimated Hard Costs per Unit:	\$ 18,507	(\$721,754 /39 units)
Estimated per Unit Cost:	\$ 197,129	(\$7,688,046 /39 units)
Allocation per Unit:	\$ 115,385	(\$4,500,000 /39 units)
Allocation per Restricted Rental Unit:	\$ 115,385	(\$4,500,000 /39 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 4,500,000	\$ 1,560,423
Direct & Indirect Public Funds	\$ 1,903,414	\$ 1,903,414
LIH Tax Credit Equity	\$ 702,879	\$ 2,342,931
Other (Deferred Developer Fee)	\$ 466,650	\$ 466,650
Other (70% of NOI During Rehabilitation)	\$ 0	\$ 68,407
Other (Existing Replacement Reserve)	\$ 68,106	\$ 68,106
Developer Equity	\$ 46,997	\$ 1,278,115
Total Sources	\$ 7,688,046	\$ 7,688,046

Uses of Funds:	
Acquisition/Land Purchase	\$ 4,568,106
Hard Construction Costs	\$ 721,754
Architect & Engineering Fees	\$ 180,000
Contractor Overhead & Profit	\$ 98,246
Developer Fee	\$ 873,063
Relocation	\$ 60,000
Cost of Issuance	\$ 440,555
Construction and Permanent Financing	\$ 202,500
Other Soft Costs (Marketing, etc.)	\$ 543,822
Total Uses	\$ 7,688,046

Description of Financial Structure and Bond Issuance:

The proposed financials structure will be a private placement by Red Stone Tax Exempt Funding LLC. During the construction financing phase the loan term will be for 24 months with a variable interest rate of 5.00%. During the permanent financing phase, the loan term will be for 40 years with an amortization period of 40 years at a fixed rate equal to the sum of the 15 year SIFMA Swap rate plus a spread of 3.15% which is currently equal to 5%. There was no underwritten rate provided.

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: 55 out of 130

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$4,500,000 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	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	0
Leveraging	10	10	0
Community Revitalization Area	15	15	0
Site Amenities	10	10	5
Service Amenities	10	10	0
New Construction	10	10	0
Sustainable Building Methods	10	10	0
Negative Points	-10	-10	0
Total Points	130	100	55

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.