

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
September 21, 2016
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Sarah Lester

Applicant:	California Statewide Communities Development Authority
Allocation Amount Requested:	Tax-exempt: \$15,000,000
Project Information:	Name: Premier Apartments (Scattered Site) Project Address: 961 W 43rd St - 90037; 1222-1229 E 59th - 90001; 581 W 92nd St - 90044; 368-378 E Imperial Hwy - 90061; 833-835 E Imperial Hwy-90050 Project City, County, Zip Code: Los Angeles, Los Angeles (see addresses)
Project Sponsor Information:	Name: Premier Associates II, LP (IAHI-PR, LLC and Credit Capital, LLC) Principals: Marco Gomez and Juan Carlos Chavez for IAHI-PR, LLC; Bruce Nelson for Credit Capital, LLC Property Management Company: American Real Property Management, Inc.
Project Financing Information:	Bond Counsel: Kutak Rock LLP Private Placement Purchaser: Jones Lang LaSalle Multifamily, LLC / Freddie Mac TEL Public Sale: Not Applicable Underwriter: Not Applicable TEFRA Noticing Date: August 9, 2016 TEFRA Adoption Date: August 23, 2016
Description of Proposed Project:	State Ceiling Pool: General Total Number of Units: 116, plus 4 manager units Type: Acquisition and Rehabilitation Type of Units: Family

The proposed project consists of 120 units in twelve (12) buildings at five (5) scattered sites located in Los Angeles City, and Los Angeles County, California. The project buildings were constructed between 1928 and 1959, it should be noted that each of the apartment complexes were renovated in 1974. Site 1 has 24 studio and one-bedroom units in a 3-story building with outside apartment access. The building is wood frame construction with stucco exterior and a pitched roof with clay shingles. Site 2 consists of consists of 36 studio, one, and two-bedroom units in 3 one and two-story buildings with outside apartment access. The building is wood frame construction with stucco exterior and a flat roof. Site 3 consists of 10 two-bedroom units in one 2-story building with outside apartment access. The building is wood frame construction with stucco exterior and a pitched roof. Site 4 contains consists of 30 two-bedroom units in five 2-story buildings with outside apartment access. The buildings are wood frame construction with stucco exterior and a pitched roof. Site 5 consists of 20, one, and two-bedroom units in two 2-story buildings with outside apartment access. The buildings are wood frame construction with stucco exterior and a flat roofs. Additionally, all of the properties have perimeter controlled gated access and secure entry, as well as a playground, basketball court, surface parking, and a central laundry room. The proposed rehabilitation will include: new floor coverings appropriate for level of traffic; low VOC interior finishes for all interior finishes; conversion of gas ranges to electric to benefit from the use of solar energy and reduce carbon emissions gases produced; landscaping will consist of a variety of plant and tree species that require low water use; refinish roof; replacement of kitchen and bathroom fixtures; rehabilitation of existing common areas used for communal activities; and WiFi for all tenants. The anticipated rehabilitation start date will be in March 2017 with a completion target date of March 2018.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
11% (13 units) restricted to 50% or less of area median income households.
89% (103 units) restricted to 60% or less of area median income households.
Unit Mix: Studio, 1 & 2 bedrooms

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:	\$	28,565,326	
Estimated Hard Costs per Unit:	\$	45,738	(\$5,305,641 /116 units)
Estimated per Unit Cost:	\$	246,253	(\$28,565,326 /120 units incl. manager units)
Allocation per Unit:	\$	129,310	(\$15,000,000 /116 units)
Allocation per Restricted Rental Unit:	\$	129,310	(\$15,000,000 /116 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 15,000,000	\$ 15,000,000
LIH Tax Credit Equity	\$ 3,122,405	\$ 9,838,768
Deferred Developer Costs	\$ 2,369,426	\$ 2,078,688
Seller Carryback Loan	\$ 6,073,495	\$ 1,000,000
Richman Group Solar Equity	\$ 2,000,000	\$ 647,870
Total Sources	\$ 28,565,326	\$ 28,565,326

Uses of Funds:	
Land Cost/Acquisition	\$ 15,690,000
Closing Fees	\$ 85,000
Rehabilitation	\$ 7,813,679
Relocation	\$ 60,000
Contractor Overhead & Profit	\$ 449,919
Architectural Fees	\$ 105,000
Survey and Engineering	\$ 25,000
Construction Interest and Fees	\$ 742,714
Permanent Financing	\$ 160,500
Reserves	\$ 662,714
Appraisal	\$ 10,000
Contingency Cost	\$ 100,000
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 160,800
Developer Costs	\$ 2,500,000
Total Uses	\$ 28,565,326

Analyst Comments:

None

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:

63.05 out of 140

[See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$15,000,000 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
Preservation Project	20	20	20
Exceeding Minimum Income Restrictions:	35	15	26
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	0
Gross Rents	5	5	5
Large Family Units	5	5	0
Leveraging	10	10	0
Community Revitalization Area	5	5	0
Site Amenities	10	10	2.05
Service Amenities	10	10	0
New Construction or Substantial Renovation	10	10	10
Sustainable Building Methods	10	10	0
Forgone Eligible Developer Fee (Competitive Allocation Process Only)	10	10	0
Minimum Term of Restrictions (Competitive Allocation Process Only)	10	10	0
Negative Points (No Maximum)	-10	-10	0
Total Points	140	110	63.05

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.