

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: Richard Fischer

Applicant: California Statewide Communities Development Authority

Allocation Amount Requested: Tax-exempt: \$8,500,000

Project Information:

Name: Princess Apartments (Scattered Site)
Project Address: 722 N Van Ness - 90038; 1648 N Kingsley Dr - 90027; 6116 Eleanor Ave - 90038; 4335 Woodlawn Ave- 90011
Project City, County, Zip Code: Los Angeles, Los Angeles, See Address for Zip

Project Sponsor Information:

Name: Princess Affordable Apartments, L.P.(IAHI-Princess, LLC and Intercontinental Affordable Housing, Inc.)
Principals: Marco Gomez and Juan Carlos Chavez for both entities.
Property Management Company: American Real Property Management, Inc.

Project Financing Information:

Bond Counsel: Kutak Rock LLP
Private Placement Purchaser: Jones Lang LaSalle Multifamily, LLC
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: 57, plus 1 manager unit
Type: Acquisition and Rehabilitation
Type of Units: Family

Princess Apartments consists of 58 units in six (6) buildings at four (4) scattered sites in Los Angeles. The buildings are located in the central and southern portion of Los Angeles in four different neighborhoods (Hollywood Studio District, East Hollywood, Central Hollywood and Zapata-King Neighborhood). All four areas are urban locations that are densely populated, and exhibit a wide variety of land uses. The project buildings were constructed between 1924 and 1930, but underwent a substantial rehabilitation with only the original studs remaining in 1974. These units support the broad-based and diverse employment base, with a large portion of the workforce employed in the production, transportation, and material moving sector – typically lower paying jobs. The Subject’s unit amenities include wall heat, blinds, carpeting, and a coat closet. Appliances include a stove/oven, garbage disposal, refrigerator, and Microwaves will be included within the scope of renovation. Rehab

scope of work will consist primarily of interior items (paint, carpet, cabinet replacement as needed, etc.) where no permits or planning applications will be applicable. The Solar photo-voltaic system is included with the purchase price of the property and will be provided by the seller as part of the deal to acquire the subject property as a turn-key development. Start and Completion dates are March 2017 through March 2018, conditions permitting.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
28% (16 units) restricted to 50% or less of area median income households.
72% (41 units) restricted to 60% or less of area median income households.
Unit Mix: Studio & 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:	\$	16,783,933	
Estimated Hard Costs per Unit:	\$	46,160	(\$2,631,112 /57 units)
Estimated per Unit Cost:	\$	289,378	(\$16,783,933 /58 units including mngr. units)
Allocation per Unit:	\$	149,123	(\$8,500,000 /57 units)
Allocation per Restricted Rental Unit:	\$	149,123	(\$8,500,000 /57 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 8,500,000	\$ 8,500,000
LIH Tax Credit Equity	\$ 1,921,209	\$ 5,373,551
Deferred Developer Fee	\$ 1,478,724	\$ 1,256,417
Solar Financing	\$ 784,000	\$ 253,965
Seller Carryback Loan	\$ 3,800,000	\$ 1,100,000
Total Sources	\$ 16,483,933	\$ 16,483,933
 Uses of Funds:		
Land Cost/Acquisition	\$ 8,930,000	
Rehabilitation	\$ 3,941,413	
Relocation	\$ 29,000	
Contractor Overhead	\$ 57,288	
Architectural Fees	\$ 105,000	
Survey and Engineering	\$ 9,550	
Construction Interest and Fees	\$ 518,452	
Permanent Financing	\$ 160,500	
Reserves	\$ 577,820	
Appraisal	\$ 10,000	
Contingency Cost	\$ 100,000	
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 209,405	
Developer Costs	\$ 1,835,505	
Total Uses	\$ 16,483,933	

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:

66.9 out of 140

[See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$8,500,000 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
Preservation Project	20	20	0
Exceeding Minimum Income Restrictions:	35	15	34
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	7.9
Service Amenities	10	10	0
New Construction or Substantial Renovation	10	10	10
Sustainable Building Methods	10	10	10
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	120	66.9

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.