Agenda Item No. 5.19
Application No. 16-508

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: **Golden State Finance Authority**

Allocation Amount Requested:
Tax-exempt: $12,610,000

Project Information:
Name: **Seasons II Senior Apartments**
Project Address: 21309 Bloomfield Avenue
Project City, County, Zip Code: Lakewood, Los Angeles, 90715

Project Sponsor Information:
Name: Seasons Lakewood AR, LP (LINC-Gardena Associates, LLC; and HCHP Affordable Multi-Family, LLC)
Principals: Rebecca Clark, Samara Larson, Divya Gill for LINC-Gardena Associates, LLC; Michael A. Costa, Robert W. Tetrault, Thomas E. Erickson and Judy Dossen for HCHP Affordable Multi-Family, LLC
Property Management Company: Western National Property Management

Project Financing Information:
Bond Counsel: Kutak Rock LLP
Private Placement Purchaser: America First Multifamily Investors, L.P.
Public Sale: Not Applicable
Underwriter: Not Applicable
TEFRA Noticing Date: July 13, 2016
TEFRA Adoption Date: August 9, 2013

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 83, plus 2 manager units
Type: Acquisition and Rehabilitation
Type of Units: Senior Citizens

The proposed project is an existing 85 unit senior development situated on approximately 2.25 acres. It was originally built in 1996. The property is wood-framed, slab-on-grade construction consists of 68 one-bedroom units and 17 two-bedroom units which are restricted to low income senior households earning 50% and 60% of the area median income and has 94 total parking spaces. The following items are scheduled to be done as part of the rehabilitation: Replace existing boilers and pumps with increased energy efficiency models; Replace existing refrigerators with new energy star rated models; Replace existing stove with energy star rated models; Install new faucet aerators; Sand slurry, seal coat, and restripe parking lot; Concrete and decorative stone repair; Paint exterior of all buildings; Repair areas of walk decks and overlay all exterior decks an patios; Remove and replace metal fencing; Replace wood trim at windows with stucco patch and foam; Replace all windows excluding sliding doors; Remove and replace wood window planters; Trim overgrown trees; Mobility/communication upgrades (includes relocation costs, if any); Turf removal irrigation modification; and dry rot and wood rot repair and replacement. The anticipated rehabilitation is slated to begin in the first quarter of 2017 with completion slated for approximately the third quarter of 2017.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%

22% (18 units) restricted to 50% or less of area median income households.
78% (65 units) restricted to 60% or less of area median income households.

Unit Mix: 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:	$	19,111,593	
Estimated Hard Costs per Unit:	$	19,277	($1,600,000 /83 units)
Estimated per Unit Cost:	$	224,842	($19,111,593 /85 units incl. manager units)
Allocation per Unit:	$	151,928	($12,610,000 /83 units)
Allocation per Restricted Rental Unit:	$	151,928	($12,610,000 /83 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	$ 12,610,000	$ 8,050,000
LIH Tax Credit Equity	$ 276,188	$ 5,118,869
Deferred Developer Fee	$ 0	$ 2,015,030
Deferred Costs	$ 2,297,710	$ 0
Seller Carryback Loan	$ 2,660,070	$ 2,660,070
Seller Equity	$ 625,000	$ 625,000
GSFA Loan	$ 350,000	$ 350,000
Net Income From Operations	$ 292,624	$ 292,624
Total Sources	$ 19,111,592	$ 19,111,593

Uses of Funds:	
Land Cost/Acquisition	$ 13,800,000
Rehabilitation	$ 1,696,000
Contractor Overhead & Profit	$ 128,000
Architectural Fees	$ 14,000
Survey and Engineering	$ 39,650
Construction Interest and Fees	$ 678,225
Permanent Financing	$ 104,293
Legal Fees	$ 137,500
Reserves	$ 222,682
Contingency Cost	$ 94,800
Local Development Impact Fees	$ 5,000
Other Project Costs (Soft Costs, Marketing, etc.)	$ 76,414
Developer Costs	$ 2,115,029
Total Uses	$ 19,111,593

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: 56 out of 140

[See Attachment A**]**

Recommendation:

Staff recommends that the Committee approves $12,610,000 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	31
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	10
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	10
Service Amenities	10	10	0
New Construction or Substantial Renovation	10	10	0
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**	**120**	**56**

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.