

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
December 14, 2016
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Sarah Lester

Applicant: California Municipal Finance Authority

Allocation Amount Requested:
Tax-exempt: \$43,724,973

Project Information:
Name: South Fulton Village Apartments
Project Address: 10829 Fulton Wells Avenue
Project City, County, Zip Code: Santa Fe Springs, Los Angeles, 90670

Project Sponsor Information:
Name: Standard SFV Venture LP (Standard SFV Manager LP and Pacific Southwest Community Development Corporation)
Principals: Jeffrey Jaeger and Scott Alter for Standard SFV Manager LP; Robert Laing for Pacific Southwest Community Development Corporation
Property Management Company: Apartment Management Consultants, LLC

Project Financing Information:
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Private Placement Purchaser: JLL Capital Markets / Standard SFV Manager LP
Public Sale: Not Applicable
Underwriter: Not Applicable
TEFRA Noticing Date: October 6, 2016
TEFRA Adoption Date: October 20, 2016

Description of Proposed Project:
State Ceiling Pool: Mixed Income
Total Number of Units: 279, plus 1 manager unit
Type: Acquisition and Rehabilitation
Type of Units: Senior Citizens

The proposed project is an existing 280-unit, garden-style senior (55+) apartment complex and is located in the southeast part of the City of Santa Fe Springs, Los Angeles County. The Project is situated on approximately 7.07 acres of land and was constructed circa 1988. There are a total of 16 low-rise apartment buildings at the Project, comprised of 1 and 2 bedroom floorplans. The Project is also currently a market rate property with no regulatory agreements to restrict rents or incomes. The proposed developer plans to convert the Project to a mixed-income property with 20% of the units restricted at 50% of area median gross income, with no relocation necessary. The renovations will include unit upgrades in the bathrooms and kitchens consisting of some combination of new flooring, Energy-Star appliances, countertops, lighting and fixtures, plumbing, and paint. All interior renovations will allow for tenants to remain in place. The units will maintain full functionality, including all utilities. The exterior of the buildings will receive a fresh coat of paint that will enhance the curb appeal of the Project. Other common area renovations will include updates to the community room, leasing office, landscaping, pool/spa areas, and laundry facilities. Additionally, perimeter fencing and dry rot wood repairs as well as installation of new monument signage are also part of the planned renovations. Renovations are projected to take place over a 9 month period and are expected to commence within 30 days of bond issuance.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 20%
20% (56 units) restricted to 50% 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:	\$	54,224,897	
Estimated Hard Costs per Unit:	\$	15,235	(\$4,250,438 /279 units)
Estimated per Unit Cost:	\$	193,660	(\$54,224,897 /280 units including mgr. units)
Allocation per Unit:	\$	156,720	(\$43,724,973 /279 units)
Allocation per Restricted Rental Unit:	\$	780,803	(\$43,724,973 /56 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 43,724,973	\$ 43,724,973
Other Equity Contribution	\$ 8,776,734	\$ 8,776,734
LIH Tax Credit Equity	\$ 1,723,190	\$ 1,723,190
Total Sources	\$ 54,224,897	\$ 54,224,897

Uses of Funds:	
Land Cost/Acquisition	\$ 47,942,506
Rehabilitation	\$ 4,077,588
Contractor Overhead & Profit	\$ 304,867
Architectural Fees	\$ 165,542
Construction Interest and Fees	\$ 352,850
Permanent Financing	\$ 183,000
Legal Fees	\$ 175,000
Reserves	\$ 16,618
Appraisal	\$ 13,000
Contingency Cost	\$ 438,246
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 80,680
Developer Costs	\$ 475,000
Total Uses	\$ 54,224,897

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: 34 out of 120

[See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$43,724,973 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	6
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	3
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	34

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.