

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
March 15, 2017
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Richard Fischer

Applicant:	California Housing Finance Agency
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Allocation Amount Requested:	Tax-exempt:	\$30,000,000
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Project Information:	Name:	Courson Arts Colony West Apartments
	Project Address:	NE corner of East Avenue Q11 & 9th Street East
	Project City, County, Zip Code:	Palmdale, Los Angeles, 93550

Project Sponsor Information:	Name:	CAC West, L.P. (CAC West, LLC and WCH Affordable XXII, LLC)
	Principals:	John Huskey, Kasey Burke, Christ Maffris, Aaron Mandel & George Russo for CAC West, LLC; Graham Espley-Jones, Sandra Gibbons and Leanne Truofreh for WCH Affordable XXII, LLC.
	Property Management Company:	Solari Enterprises, Inc.

Project Financing Information:	Bond Counsel:	Orrick, Herrington & Sutcliffe LLP
	Private Placement Purchaser:	Bank of America, N.A. (construction)
	Cash Flow Permanent Bond:	Not Applicable
	Public Sale:	Not Applicable
	Underwriter:	Not Applicable
	Credit Enhancement Provider:	Not Applicable
	TEFRA Noticing Date:	January 11, 2017
	TEFRA Adoption Date:	January 26, 2017

Description of Proposed Project:	State Ceiling Pool:	General
	Total Number of Units:	80
	Manager's Units:	1 Unrestricted
	Type:	New Construction
	Population Served:	Family/Special Needs

Courson Arts Colony West Apartments is a new construction project located in Palmdale on a 2.83 acre site. The project consists of 79 rental units and 1 unrestricted managers' units. The project will have 40 one-bedroom units, 14 two- bedroom units and 25 three-bedroom units. The building will be 4 stories with a corridor apartment building style. Common amenities include a large community room, laundry facilities, leasing offices, two outdoor lounge areas and an outdoor stage area. Green features include energy star appliances, energy efficient lighting, low flow faucets, water conserving toilets and programmable thermostats. Each unit will also include a dishwasher in the kitchen. The construction is expected to begin in April 2017 and to be completed in July 2018.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 99%
99% (79 units) restricted to 50% or less of area median income households.
Unit Mix: 1, 2 & 3 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: \$ 38,087,925
Estimated Hard Costs per Unit: \$ 259,485 (\$20,499,303 /79 units)
Estimated per Unit Cost: \$ 476,099 (\$38,087,925 /80 units including mgr. unit)
Allocation per Unit: \$ 379,747 (\$30,000,000 /79 units)
Allocation per Restricted Rental Unit: \$ 379,747 (\$30,000,000 /79 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 30,000,000	\$ 0
LIH Tax Credit Equity	\$ 5,128,724	\$ 17,095,746
Permanent Loan	\$ 0	\$ 2,818,490
Deferred Developer Fee	\$ 1,471,201	\$ 892,689
HCD MHP and HCD VHHP	\$ 0	\$ 11,530,000
County of Los Angeles	\$ 0	\$ 2,578,000
City of Palmdale	\$ 1,488,000	\$ 1,988,000
AHP	\$ 0	\$ 1,185,000
Total Sources	\$ 38,087,925	\$ 38,087,925

Uses of Funds:	
Land Cost/Acquisition	\$ 1,603,457
New Construction	\$ 23,667,127
Contractor Overhead & Profit	\$ 1,317,416
Architectural Fees	\$ 569,530
Survey and Engineering	\$ 714,581
Construction Interest and Fees	\$ 2,189,169
Permanent Financing	\$ 111,685
Legal Fees	\$ 140,000
Reserves	\$ 701,826
Appraisal	\$ 3,000
Hard Cost Contingency	\$ 1,280,000
Local Development Impact Fees	\$ 1,807,759
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 1,782,375
Developer Costs	\$ 2,200,000
Total Uses	\$ 38,087,925

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:

95 out of 140

[See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$30,000,000 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	0
Exceeding Minimum Income Restrictions:	35	15	35
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	5
Leveraging	10	10	10
Community Revitalization Area	5	5	0
Site Amenities	10	10	10
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	N/A
Minimum Term of Restrictions (Competitive Allocation Process Only)	10	10	N/A
Negative Points (No Maximum)	-10	-10	0
Total Points	140	120	95

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.