

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
May 17, 2017
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Ruben Barcelo

Applicant: California Public Finance Authority

Allocation Amount Requested:
Tax-exempt: \$7,184,171

Project Information:
Name: E. Boyd Esters Manor Apartments
Project Address: 1101 N. Central Avenue
Project City, County, Zip Code: Compton, Los Angeles, 90222

Project Sponsor Information:
Name: Southeast Senior Housing Preservation, L.P. (Rosecrans Manor)
Principals: Delores Zurita
Property Management Company: Monfric, Inc.

Project Financing Information:
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Private Placement Purchaser: Red Stone Tax Exempt Funding LLC
Cash Flow Permanent Bond: Not Applicable
Public Sale: Not Applicable
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Rating: Not Applicable
TEFRA Noticing Date: March 22, 2017
TEFRA Adoption Date: April 11, 2017

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 50
Manager's Units: 1 Unrestricted
Type: Acquisition and Rehabilitation
Population Served: Senior Citizens/Special Needs

E. Boyd Esters Manor Apartments is an existing project located in Compton on a 1.5-acre site. The project consists of 49 rental units and 1 unrestricted manager unit. The project will offer 12 studio units and 38 one-bedroom units. Building exterior renovations will consist of roof repairs, patio cover replacement and new paint. Interior renovations will include improvements to the elevator and to the community room. Individual apartment unit improvements will include AC/heating system upgrades, electrical and plumbing fixture upgrades, new kitchen and bathroom cabinets and countertops, new kitchen appliances, new window treatments, flooring replacement and new paint. Lastly, common or site area renovations will consist of parking lot re-surfacing and re-sealing, lighting improvements and widening of concrete walkways. The rehabilitation is expected to begin in July 2017 and to be completed March 2018.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
40% (20 units) restricted to 50% or less of area median income households.
58% (29 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:	\$ 14,204,956	
Estimated Hard Costs per Unit:	\$ 21,930	(\$1,096,492 /50 units including mgr. units)
Estimated per Unit Cost:	\$ 284,099	(\$14,204,956 /50 units including mgr. units)
Allocation per Unit:	\$ 143,683	(\$7,184,171 /50 units including mgr. units)
Allocation per Restricted Rental Unit:	\$ 146,616	(\$7,184,171 /49 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 7,184,171	\$ 4,419,813
LIH Tax Credit Equity	\$ 1,071,423	\$ 3,571,411
Seller Carryback Loan	\$ 3,519,140	\$ 3,519,140
HUD 202 Loan	\$ 2,430,222	\$ 2,430,222
Net Income From Operations	\$ 0	\$ 264,370
Total Sources	\$ 14,204,956	\$ 14,204,956

Uses of Funds:	
Land Cost/Acquisition	\$ 8,450,000
Rehabilitation	\$ 1,187,281
Relocation	\$ 75,000
Contractor Overhead & Profit	\$ 87,719
Architectural Fees	\$ 100,000
Survey and Engineering	\$ 80,000
Construction Interest and Fees	\$ 910,774
Permanent Financing	\$ 141,653
Legal Fees	\$ 280,000
Reserves	\$ 810,218
Appraisal	\$ 8,600
Hard Cost Contingency	\$ 125,000
Other Project Soft Costs	\$ 411,462
Developer Costs	\$ 1,537,249
Total Uses	\$ 14,204,956

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:

75 out of 140

[See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$7,184,171 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	Points Scored
Preservation Project	20	20	20
Exceeding Minimum Income Restrictions:	35	15	35
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	10
Community Revitalization Area	5	5	0
Site Amenities	10	10	5
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	N/A
Minimum Term of Restrictions (Competitive Allocation Process Only)	10	10	N/A
Negative Points (No Maximum)	-10	-10	0
Total Points	140	110	75

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.