

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
July 19, 2017
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Ruben Barcelo

Applicant: California Municipal Finance Authority

Allocation Amount Requested:
Tax-exempt: \$17,984,322

Project Information:
Name: Casa Rita Apartments
Project Address: 6508 Rita Avenue
Project City, County, Zip Code: Huntington Park, Los Angeles, 90255

Project Sponsor Information:
Name: Casa Rita, LP (CADI Eleven, LLC)
Principals: Brian D'Andrea, Ronald M. Griffith, Steve Colman, Oscar Alvarado, Karen Bennett-Green, Serybrem Bass, Howard Chan and Beulah Ku
Property Management Company: John Stewart Companies

Project Financing Information:
Bond Counsel: Quint & Thimmig LLP
Private Placement Purchaser: Citibank, N.A.
Cash Flow Permanent Bond: Not Applicable
Public Sale: Not Applicable
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Rating: Not Applicable
TEFRA Noticing Date: November 24, 2016
TEFRA Adoption Date: December 20, 2016

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 103
Manager's Units: 1 Unrestricted
Type: Acquisition and Rehabilitation
Population Served: Family

Casa Rita Apartments is an existing project located in Huntington Park on a 1.12-acre site. The project consists of 102 restricted rental units and 1 unrestricted manager's unit. The project provides 72 two-bedroom units and 31 three-bedroom units. Building exterior renovations will consist of replacement of windows, HVAC systems, hot water boilers and fresh paint. Interior renovations will include upgrades to the community room, including new flooring, new paint, updated lounge area and new kitchen appliances. Individual apartment units will be updated as needed with new kitchen appliances, flooring, bathtubs, sinks, vanities, plumbing fixtures and fresh paint. Most of the unit interior unit work will be to satisfy TCAC sustainability standards. The rehabilitation is expected to begin in January 2018 and to be completed in October 2018.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
21% (21 units) restricted to 50% or less of area median income households.
79% (81 units) restricted to 60% or less of area median income households.
Unit Mix: 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:	\$	26,402,763	
Estimated Hard Costs per Unit:	\$	32,590	(\$3,356,744 /103 units including mgr. units)
Estimated per Unit Cost:	\$	256,338	(\$26,402,763 /103 units including mgr. units)
Allocation per Unit:	\$	174,605	(\$17,984,322 /103 units including mgr. units)
Allocation per Restricted Rental Unit:	\$	176,317	(\$17,984,322 /102 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 17,984,322	\$ 10,930,000
LIH Tax Credit Equity	\$ 0	\$ 7,918,412
General Partner Equity	\$ 476,600	\$ 476,600
Deferred Developer Fee	\$ 740,407	\$ 0
Deferred Costs	\$ 1,498,223	\$ 740,407
Seller Carryback Loan	\$ 637,015	\$ 637,015
Net Income From Operations	\$ 0	\$ 968,344
Century Housing Corp. Legacy Loan	\$ 1,212,985	\$ 1,212,985
Century Housing Corp. Junior Loan	\$ 3,519,000	\$ 3,519,000
Limited Partner Equity	\$ 334,211	\$ 0
Total Sources	\$ 26,402,763	\$ 26,402,763

Uses of Funds:	
Land Cost/Acquisition	\$ 16,700,000
Rehabilitation	\$ 3,393,559
Relocation	\$ 81,900
Contractor Overhead & Profit	\$ 247,200
Architectural Fees	\$ 218,750
Construction Interest and Fees	\$ 1,381,850
Permanent Financing	\$ 139,300
Legal Fees	\$ 205,000
Reserves	\$ 320,157
Appraisal	\$ 7,500
Hard Cost Contingency	\$ 182,575
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 536,999
Developer Costs	\$ 2,952,973
Letter of Credit Fee	\$ 35,000
Total Uses	\$ 26,402,763

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:

71 out of 140 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$17,984,322 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	30
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	5.8
Gross Rents	5	5	5
Large Family Units	5	5	5
Leveraging	10	10	5.2
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	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	120	71