

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
November 15, 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: \$3,815,829

The amount of allocation requested is supplemental to the \$7,184,171 of allocation the Project received on May 17, 2017.

Project Information:

Name: E. Boyd Esters Manor Apartments (supplemental)
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: R4 Capital 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 January 2018 and to be completed September 2018.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
41% (20 units) restricted to 50% or less of area median income households.
59% (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:	\$ 15,228,878	
Estimated Hard Costs per Unit:	\$ 25,877	\$1,293,860 / units including mgr. units)
Estimated per Unit Cost:	\$ 304,578	(\$15,228,878 / units including mgr. units)
Allocation per Unit:	\$ 220,000	(\$11,000,000 / units including mgr. units)
Allocation per Restricted Rental Unit:	\$ 224,490	(\$11,000,000 /49 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 11,000,000	\$ 8,717,665
LIH Tax Credit Equity	\$ 921,863	\$ 3,708,299
Deferred Developer Fee	\$ 417,808	\$ 0
HUD 202 Loan Assumption	\$ 2,889,207	\$ 2,430,222
Net Income From Operations	\$ 0	\$ 372,692
Total Sources	\$ 15,228,878	\$ 15,228,878

Uses of Funds:	
Land Cost/Acquisition	\$ 8,450,000
Rehabilitation	\$ 1,396,491
Relocation	\$ 150,000
Contractor Overhead & Profit	\$ 103,509
Architectural Fees	\$ 200,000
Survey and Engineering	\$ 80,000
Construction Interest and Fees	\$ 1,082,750
Permanent Financing	\$ 192,196
Legal Fees	\$ 280,000
Reserves	\$ 884,275
Appraisal	\$ 8,600
Hard Cost Contingency	\$ 221,250
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 568,765
Developer Costs	\$ 1,611,042
Total Uses	\$ 15,228,878

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.

Recommendation:

Staff recommends that the Committee approve \$3,815,829 in tax-exempt bond allocation.