

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
March 21, 2018
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

Allocation Amount Requested: Tax-exempt: \$7,000,000

Project Information:

Name: Curtis Johnson Apartments (Scattered Site)
Project Address: 1213-1215 West 39th Street; 831-833 West 41st Street; 860-870 West 42nd Place; 727-729 West 47th Street; 897-903 West Vernon Avenue
Project City, County, Zip Code: Los Angeles, Los Angeles, 90037

Project Sponsor Information:

Name: Curtis Johnson Community Partners, LP (FFAH Curtis Johnson, LLC and WNC - Curtis Johnson GP, LLC)
Principals: Thomas E. Willard for FFAH Curtis Johnson, LLC; Anand Kannan for WNC - Curtis Johnson GP, LLC
Property Management Company: FPI Management, Inc

Project Financing Information:

Bond Counsel: Orrick, Herrington & Sutcliffe 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: December 7, 2017
TEFRA Adoption Date: January 8, 2018

Description of Proposed Project:

State Ceiling Pool: General
Total Number of Units: 48
Manager's Units: 1 Restricted
Type: Acquisition and Rehabilitation
Population Served: Family

Curtis Johnson Apartments is an existing scattered site project located in Los Angeles on a .96-acre site. The project consists of 47 restricted rental units and 1 restricted manager unit. The project has 17 studio units, 18 one-bedroom units and 13 two-bedroom units. The rehabilitation program will address health and safety issues, ADA, deferred maintenance and energy efficiency when possible. Currently, the developer is planning on replacing all bathroom countertops and cabinetry in units, replacing the windows, painting the kitchen and baths, roofing, addressing parking lot deferred maintenance and replacing and upgrading building systems as necessary. The rehabilitation is expected to begin in May 2018 and be completed in December 2018.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
92% (44 units) restricted to 50% or less of area median income households.
8% (4 units) restricted to 60% or less of area median income households.
Unit Mix: Studio, 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:	\$ 11,843,045	
Estimated Hard Costs per Unit:	\$ 71,492	(\$3,431,624 /48 units including mgr. unit)
Estimated per Unit Cost:	\$ 246,730	(\$11,843,045 /48 units including mgr. unit)
Allocation per Unit:	\$ 145,833	(\$7,000,000 /48 units including mgr. unit)
Allocation per Restricted Rental Unit:	\$ 145,833	(\$7,000,000 /48 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 7,000,000	\$ 5,138,000
LIH Tax Credit Equity	\$ 1,325,345	\$ 4,163,292
Deferred Developer Fee	\$ 1,272,700	\$ 296,753
Seller Carryback Loan	\$ 2,245,000	\$ 2,245,000
Total Sources	\$ 11,843,045	\$ 11,843,045

Uses of Funds:	
Land Cost/Acquisition	\$ 4,460,000
Rehabilitation	\$ 3,196,380
Relocation	\$ 192,000
Contractor Overhead & Profit	\$ 235,244
Architectural Fees	\$ 100,000
Survey and Engineering	\$ 80,650
Construction Interest and Fees	\$ 808,563
Permanent Financing	\$ 331,350
Legal Fees	\$ 235,000
Reserves	\$ 177,000
Appraisal	\$ 7,500
Hard Cost Contingency	\$ 343,162
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 303,496
Developer Costs	\$ 1,372,700
Total Uses	\$ 11,843,045

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:

65 out of 140 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$7,000,000 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	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
Large Family Units	5	5	0
Leveraging	10	10	0
Community Revitalization Area	5	5	0
Site Amenities	10	10	0
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	110	65