

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 Statewide Communities Development Authority

Allocation Amount Requested:
Tax-exempt: \$47,322,343

Project Information:
Name: Claremont Village Apartments
Project Address: 965 West Arrow Highway
Project City, County, Zip Code: Claremont, Los Angeles, 91711

Project Sponsor Information:
Name: Claremont Village Venture LP (Claremont Village GP DE LLC and AOF Claremont LLC)
Principals: Sydne Garchik for Claremont Village GP DE LLC and Philip J. Kennedy for AOF Claremont LLC
Property Management Company: Apartment Management Consultants, LLC

Project Financing Information:
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Private Placement Purchaser: CBRE Capital Markets, Inc./KDF Claremont LP (Seller)
Cash Flow Permanent Bond: KDF Claremont LP (Seller)
Public Sale: Not Applicable
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Rating: Not Applicable
TEFRA Noticing Date: January 29, 2018
TEFRA Adoption Date: February 13, 2018

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 150
Manager's Units: 1 Restricted
Type: Acquisition and Rehabilitation
Population Served: Family

Claremont Village Apartments is an existing project located in Claremont on a 8.84-acre site. The project consists of 149 restricted rental units and 1 restricted manager unit. The project has 96 two-bedroom units and 54 three-bedroom units. The renovations will include building exterior/interior upgrades. Building exterior renovations will include sealing of buildings, new paint, new façade to improve curb appeal, resealing parking lot, addition of a basketball court, new signage and water-wise landscaping. Additionally, common areas will receive new paint, common furniture, fixtures and equipment will be modernized. This includes new computers and network system. Interior renovations will include new cabinets, countertops and plumbing fixtures for kitchens and bathrooms. Countertops in the kitchen and bathrooms will be replaced with cultured granite or quartz counters. Sinks will be replaced along with the faucets and showerheads. All plumbing fixtures will be low flow, high efficiency type fixtures. Microwaves will be added. The rehabilitation is expected to begin in July 2018 and be completed in January 2019.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%

37% (55 units) restricted to 50% or less of area median income households.

63% (95 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:	\$ 77,265,898	
Estimated Hard Costs per Unit:	\$ 50,732	(\$7,609,762 /150 units including mgr. units)
Estimated per Unit Cost:	\$ 515,106	(\$77,265,898 /150 units including mgr. units)
Allocation per Unit:	\$ 315,482	(\$47,322,343 /150 units including mgr. units)
Allocation per Restricted Rental Unit:	\$ 315,482	(\$47,322,343 /150 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 44,822,343	\$ 44,822,343
Cash Flow Permanent Bonds	\$ 2,500,000	\$ 2,500,000
LIH Tax Credit Equity	\$ 22,463,294	\$ 22,463,294
Deferred Developer Fee	\$ 5,636,524	\$ 5,636,524
Net Income From Operations	\$ 1,843,737	\$ 1,843,737
Total Sources	\$ 77,265,898	\$ 77,265,898

Uses of Funds:	
Land Cost/Acquisition	\$ 53,800,000
Rehabilitation	\$ 8,264,201
Relocation	\$ 25,000
Contractor Overhead & Profit	\$ 608,781
Architectural Fees	\$ 155,000
Construction Interest and Fees	\$ 2,023,001
Permanent Financing	\$ 421,000
Legal Fees	\$ 470,000
Reserves	\$ 797,372
Appraisal	\$ 10,000
Hard Cost Contingency	\$ 760,976
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 870,830
Developer Costs	\$ 9,059,737
Total Uses	\$ 77,265,898

Analyst Comments:

This project is considered a high cost per unit project. Higher value property due to the HAP contract assigned to it. As a result there are: higher capitalized costs, higher finance and due diligence costs, greater scope of work costs led to higher renovation costs, higher reserves for property tax determination and for the higher loan amount.

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:

70.5 out of 140 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$47,322,343 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	10
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	5
Leveraging	10	10	0
Community Revitalization Area	5	5	0
Site Amenities	10	10	7.5
Service Amenities	10	10	0
New Construction or Substantial Renovation	10	10	10
Sustainable Building Methods	10	10	3
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	70.5