

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: Ruben Barcelo

Applicant: California Statewide Communities Development Authority

Allocation Amount Requested:

Tax-exempt: \$21,000,000

Project Information:

Name: LA 78 Apartments (scattered site)
Project Address: 831 Lucile Avenue, 4131 W. Normal Avenue, 4215 Burns Avenue, 135 S. Reno Avenue, 1951 W. 22nd Street and 825 Forest Avenue
Project City, County, Zip Code: Los Angeles, Los Angeles, 90026

Project Sponsor Information:

Name: LA78 LP (LA78 GP, LLC; and Affordable Housing Alliance II, Inc., dba Integrity Housing)
Principals: Eric Paine, Kyle Paine and Sean Robbins for LA78 GP, LLC; and Anjela Ponce and Phil Wood for Affordable Housing Alliance II, Inc., dba Integrity Housing
Property Management Company: The John Stewart Company

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: November 28, 2017
TEFRA Adoption Date: December 13, 2017

Description of Proposed Project:

State Ceiling Pool: General
Total Number of Units: 78
Manager's Units: 2 Restricted
Type: Acquisition and Rehabilitation
Population Served: Family

LA 78 Apartments is an existing scattered site project located in Los Angeles on an aggregate 1.49 acres. The project consists of 76 restricted rental units and 2 restricted manager units. The project provides 19 studio units, 41 one-bedroom units, 12 two-bedroom units and 6 three-bedroom units. Building exterior renovations will consist of stucco repair, roof replacement, window replacement, security door screens replacement, foundation repair, awning and balcony repair and fresh paint. Interior renovations will include laundry room upgrades. Individual units will be updated with new kitchen appliances, kitchen and bath cabinets, plumbing fixtures, flooring, lighting, window blinds, fresh paint and electrical upgrades. Common area renovations will include repair or replacement of fencing, entry gates, mailboxes, maintenance shed, signage and upgrades to landscaping and playgrounds. The rehabilitation is expected to begin in April 2018 and to be completed in December 2018.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
19% (15 units) restricted to 50% or less of area median income households.
81% (63 units) restricted to 60% or less of area median income households.
Unit Mix: Studio, 1, 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:	\$ 25,010,633	
Estimated Hard Costs per Unit:	\$ 38,063	(\$2,968,887 /78 units including mgr. units)
Estimated per Unit Cost:	\$ 320,649	(\$25,010,633 /78 units including mgr. units)
Allocation per Unit:	\$ 269,231	(\$21,000,000 /78 units including mgr. units)
Allocation per Restricted Rental Unit:	\$ 269,231	(\$21,000,000 /78 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 21,000,000	\$ 16,625,513
Seller Carryback Loan	\$ 795,995	\$ 795,995
LIH Tax Credit Equity	\$ 2,102,728	\$ 7,009,094
Deferred Developer Fee	\$ 1,111,910	\$ 580,031
Total Sources	<u>\$ 25,010,633</u>	<u>\$ 25,010,633</u>

Uses of Funds:	
Land Cost/Acquisition	\$ 15,599,883
Rehabilitation	\$ 3,210,218
Relocation	\$ 195,000
Contractor Overhead & Profit	\$ 207,822
Architectural Fees	\$ 107,500
Survey and Engineering	\$ 150,000
Construction Interest and Fees	\$ 998,533
Legal Fees	\$ 220,000
Reserves	\$ 487,331
Appraisal	\$ 7,250
Hard Cost Contingency	\$ 338,168
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 600,586
Developer Costs	<u>\$ 2,888,342</u>
Total Uses	<u>\$ 25,010,633</u>

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:

52.5 out of 140 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$21,000,000 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	30
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	0
Sustainable Building Methods	10	10	2.5
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	52.5