

**THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**  
**June 20, 2018**  
**Staff Report**  
**REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A**  
**QUALIFIED RESIDENTIAL RENTAL PROJECT**

*Prepared by: Sarah Lester*

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**Applicant:** California Housing Finance Agency

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**Allocation Amount Requested:**  
**Tax-exempt:** \$14,950,000

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**Project Information:**  
**Name:** San Regis Apartments  
**Project Address:** 15454 Sherman Way  
**Project City, County, Zip Code:** Van Nuys, Los Angeles, 91406

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**Project Sponsor Information:**  
**Name:** San Regis, LLC (CASA Partners III, L.P.)  
**Principals:** Michael Schwaab, AH Richard, Brian Eby and James Martha  
**Property Management Company:** Cirrus Asset Management, Inc.

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**Project Financing Information:**  
**Bond Counsel:** Orrick, Herrington & Sutcliffe LLP  
**Private Placement Purchaser:** Bank of America, 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:** April 11, 2018  
**TEFRA Adoption Date:** May 25, 2018

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**Description of Proposed Project:**  
**State Ceiling Pool:** Mixed  
**Total Number of Units:** 390  
**Manager's Units:** 2 Unrestricted  
**Type:** Acquisition and Rehabilitation  
**Population Served:** Family

San Regis Apartments is an existing project located in Los Angeles on a 5.8-acre site. The project consists of 78 restricted rental units, 310 market rate units and 2 /unrestricted manager units for a total of 390 units. The project has 144 Studio units, 150 one-bedroom units and 96 two-bedroom units. The renovations will include building exterior and interior upgrades. Building exterior renovations will consist of roof repair/replacement, painting, repair of gutters/downspouts, site lighting, site paving and signage. Interior renovations will include improvements to the laundry room, corridor ventilation, corridors/hallways, deck repairs, elevator cylinders and plumbing repairs/replacement. Lastly, common or site area renovations will consist of pool/spa deck replastering, pool/spa furniture and equipment, recreation room, landscaping demolition, sprinklers, tree removal and planting. The rehabilitation is expected to begin in August 2018 and be completed in August 2021.

**Description of Public Benefits:**

**Percent of Restricted Rental Units in the Project:** 20%  
20% (78 units) restricted to 50% or less of area median income households.  
**Unit Mix:** Studio, 1 & 2 bedroom

The proposed project will not be receiving service amenity points.

**Term of Restrictions:**

**Income and Rent Restrictions:** 55 years

**Details of Project Financing:**

<b>Estimated Total Development Cost:</b>	\$ 38,550,000	
<b>Estimated Hard Costs per Unit:</b>	\$ 26,652	(\$10,394,319 /390 units including mgr. units)
<b>Estimated per Unit Cost:</b>	\$ 98,846	(\$38,550,000 /390 units including mgr. units)
<b>Allocation per Unit:</b>	\$ 38,333	(\$14,950,000 /390 units including mgr. units)
<b>Allocation per Restricted Rental Unit:</b>	\$ 191,667	(\$14,950,000 /78 restricted units)

<b>Sources of Funds:</b>	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 14,950,000	\$ 14,950,000
Cash Flow Permanent Bonds	\$ 0	\$ 0
Tranche B Bonds	\$ 0	\$ 0
BOA Refunding of Exsisting Bonds	\$ 23,600,000	\$ 23,600,000
LIH Tax Credit Equity	\$ 0	\$ 0
Developer Equity	\$ 0	\$ 0
Deferred Developer Fee	\$ 0	\$ 0
Deferred Costs	\$ 0	\$ 0
Seller Carryback Loan	\$ 0	\$ 0
Itemized Public Funds Sources	\$ 0	\$ 0
Net Income From Operations	\$ 0	\$ 0
Misc	\$ 0	\$ 0
Misc	\$ 0	\$ 0
Misc	\$ 0	\$ 0
<b>Total Sources</b>	<b>\$ 38,550,000</b>	<b>\$ 38,550,000</b>

<b>Uses of Funds:</b>	
Land Cost/Acquisition	\$ 0
Rehabilitation	\$ 11,631,751
Relocation	\$ 0
New Construction	\$ 0
Contractor Overhead & Profit	\$ 793,074
Architectural Fees	\$ 50,000
Survey and Engineering	\$ 0
Construction Interest and Fees	\$ 0
Permanent Financing	\$ 23,710,750
Legal Fees	\$ 205,000
Reserves	\$ 0
Appraisal	\$ 6,750
Hard Cost Contingency	\$ 2,038,700
Local Development Impact Fees	\$ 0
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 113,975
Developer Costs	\$ 0
<b>Total Uses</b>	<b>\$ 38,550,000</b>

**Analyst Comments:**

According to the Applicant, on the date of closing, the Applicant will issue approximately \$39,000,000 of tax exempt bonds of which approximately \$23,600,000 will be used to refund a corresponding amount of City of Los Angeles bonds originally issued in 2001 and \$14,950,000 which is the current request before the Committee.

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**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.

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**Total Points:**

28.5 out of 120 [See Attachment A]

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**Recommendation:**

Staff recommends that the Committee approves \$14,950,000 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	0
Exceeding Minimum Income Restrictions:	35	15	6
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	10
Large Family Units	5	5	0
Leveraging	10	10	0
Community Revitalization Area	5	5	0
Site Amenities	10	10	2.5
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	0
Negative Points (No Maximum)	-10	-10	0
<b>Total Points</b>	<b>140</b>	<b>120</b>	<b>28.5</b>