

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
July 18, 2018
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Sarah Lester

Applicant:	California Housing Finance Agency
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Allocation Amount Requested:	Tax-exempt: \$13,800,000
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Project Information:	Name: Senator Apartments
	Project Address: 729 S. Main Street
	Project City, County, Zip Code: Los Angeles, Los Angeles, 90014

Project Sponsor Information:	Name: Senator 2015 LP (Senator 2015 GP LLC)
	Principals: Mike Alvidrez and Dana Trujillo
	Property Management Company: The John Stewart Company

Project Financing Information:	Bond Counsel: Orrick, Herrington & Sutcliffe LLP
	Private Placement Purchaser: MUFG Union Bank, 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: May 11, 2018
	TEFRA Adoption Date: June 14, 2018

Description of Proposed Project:	State Ceiling Pool: General
	Total Number of Units: 98
	Manager's Units: 1 Unrestricted
	Type: Acquisition and Rehabilitation
	Population Served: Family/Special Needs

Senator Apartments is an existing project located in Los Angeles on a 0.1-acre site. The project consists of 97 restricted rental units and 1 unrestricted manager unit. The project has 97 studio units and 1 one-bedroom unit. The focus of the renovation will be on major building systems, interior finishes, sustainability upgrades, modernization of common areas and units and accessibility upgrades. Interior renovations will include lobby area, common areas, refinished laundry room, leasing office and community room upgrades. Shared spaces will be updated with bathroom renovations, fixtures and expansion of shared kitchen and dining area. Lastly, common or site area renovations will consist of modernization of existing elevator and ADA updates. The rehabilitation is expected to begin in December 2018 and be completed in December 2019.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
52% (50 units) restricted to 50% or less of area median income households.
48% (47 units) restricted to 60% or less of area median income households.
Unit Mix: Studio & 1 bedroom

The proposed project will not be receiving service amenity points.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$ 24,183,278	
Estimated Hard Costs per Unit:	\$ 78,590	(\$7,701,801 /98 units including mgr. unit)
Estimated per Unit Cost:	\$ 246,768	(\$24,183,278 /98 units including mgr. unit)
Allocation per Unit:	\$ 140,816	(\$13,800,000 /98 units including mgr. unit)
Allocation per Restricted Rental Unit:	\$ 142,268	(\$13,800,000 /97 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 13,800,000	\$ 0
LIH Tax Credit Equity	\$ 297,407	\$ 9,522,170
GP Equity	\$ 1,040,734	\$ 1,868,701
Deferred Developer Fee	\$ 550,000	\$ 550,000
Deferred Costs	\$ 2,066,451	\$ 0
Recasting of HCID Loan	\$ 6,086,619	\$ 6,086,619
Accrued/Deferred Interest	\$ 342,068	\$ 342,068
VHHP Funds	\$ 0	\$ 3,813,720
FHL - AHP	\$ 0	\$ 2,000,000
Total Sources	\$ 24,183,279	\$ 24,183,278

Uses of Funds:	
Land Cost/Acquisition	\$ 6,086,619
Rehabilitation	\$ 8,197,975
Relocation	\$ 257,500
Contractor Overhead & Profit	\$ 703,530
Architectural Fees	\$ 446,040
Survey and Engineering	\$ 81,270
Construction Interest and Fees	\$ 1,615,776
Permanent Financing	\$ 15,000
Legal Fees	\$ 161,000
Reserves	\$ 336,580
Appraisal	\$ 18,600
Hard Cost Contingency	\$ 1,335,226
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 2,150,195
Developer Costs	\$ 2,777,967
Total Uses	\$ 24,183,278

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:

85 out of 140 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$13,800,000 in tax-exempt bond allocation on a carryforward basis.

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	10
Community Revitalization Area	5	5	0
Site Amenities	10	10	10
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	85