

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
December 12, 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
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Allocation Amount Requested:	Tax-exempt: \$17,000,000
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Project Information:	Name: Breezewood Village Apartments
	Project Address: 16000 E. Grayville Drive
	Project City, County, Zip Code: La Mirada, Los Angeles, 90638

Project Sponsor Information:	Name: Grayville Housing LP (Housing Corporation of America, a 501(c)3 non-profit corporation and Grayville Housing, LLC)
	Principals: Housing Corporation of America; Ronald Olson, Carol Cromar; Grayville Housing LLC; Thomas L. Safran, Andrew Gross, Jordan Pynes
	Property Management Company: Thomas Safran & Associates, Inc.

Project Financing Information:	Bond Counsel: Orrick, Herrington & Sutcliffe LLP
	Private Placement Purchaser: Not Applicable
	Cash Flow Permanent Bond: Grayville Housing LP
	Public Sale: Rated
	Underwriter: Citibank, N.A.
	Credit Enhancement Provider: Not Applicable
	Rating: AA+
	TEFRA Noticing Date: June 12, 2018
	TEFRA Adoption Date: June 28, 2018

Description of Proposed Project:	State Ceiling Pool: General
	Total Number of Units: 122
	Manager's Units: 2 Unrestricted
	Type: Acquisition and Rehabilitation
	Population Served: Senior Citizens

Breezewood Village Apartments is an existing project located in La Mirada on a 4.25-acre site. The project consists of 120 restricted rental units, 2 unrestricted managers' units. The project has 105 one-bedroom units, 16 two-bedroom units and 1 three-bedroom unit. The renovations will include building exterior and interior upgrades. Building exterior renovations will consist of common walkways and landscaping, structural upgrades, mechanical system replacement and life and safety upgrades. In addition, security cameras will be upgraded. Interior renovations will include laundry room, leasing office and community room upgrades. Individual apartment units will be updated with a new appliance package if deemed necessary, fixtures, paint and electrical updates. Lastly, common or site area renovations will consist of new carpets, flooring, window coverings, fresh paint, new electrical and lighting fixtures, and new doors and hardware to all hallways, as well as general repairs and significant life and safety upgrades as needed. The rehabilitation is expected to begin in February 2019 and be completed in December 2019.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
20% (24 units) restricted to 50% or less of area median income households.
80% (96 units) restricted to 60% or less of area median income households.
Unit Mix: Studio, 1, 2 & 3 bedrooms

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:	\$ 30,862,188	
Estimated Hard Costs per Unit:	\$ 28,500	(\$3,477,000 /122 units including mgr. units)
Estimated per Unit Cost:	\$ 252,969	(\$30,862,188 /122 units including mgr. units)
Allocation per Unit:	\$ 139,344	(\$17,000,000 /122 units including mgr. units)
Allocation per Restricted Rental Unit:	\$ 141,667	(\$17,000,000 /120 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 8,367,450	\$ 0
Cash Flow Permanent Bonds	\$ 8,632,550	\$ 8,632,550
Taxable Bond Proceeds	\$ 9,569,500	\$ 9,569,500
LIH Tax Credit Equity	\$ 87,050	\$ 9,627,415
Developer Equity	\$ 3,597,105	\$ 2,424,190
Net Income From Operations	\$ 608,533	\$ 608,533
Total Sources	\$ 30,862,188	\$ 30,862,188

Uses of Funds:	
Land Cost/Acquisition	\$ 20,378,830
Rehabilitation	\$ 3,750,425
Relocation	\$ 122,000
Contractor Overhead & Profit	\$ 294,849
Architectural Fees	\$ 210,000
Survey and Engineering	\$ 87,300
Construction Interest and Fees	\$ 1,096,736
Permanent Financing	\$ 33,709
Legal Fees	\$ 157,985
Reserves	\$ 266,608
Appraisal	\$ 4,750
Hard Cost Contingency	\$ 479,203
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 369,689
Developer Costs	\$ 3,610,104
Total Uses	\$ 30,862,188

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:

77.5 out of 140 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$17,000,000 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	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	10
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	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	77.5