

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: Felicity Wood

Applicant: California Municipal Finance Authority

Allocation Amount Requested:
Tax-exempt: \$16,330,000

Project Information:
Name: Federation Tower Apartments
Project Address: 3799 East Willow Street
Project City, County, Zip Code: Long Beach, Los Angeles, 90815

Project Sponsor Information:
Name: Federation Venture LP (Federation GP, LLC)
Principals: Sydne Garchik and Robert Laing
Property Management Company: WinnCompanies

Project Financing Information:
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Private Placement Purchaser: R4 Capital Funding LLC
Cash Flow Permanent Bond: Not Applicable
Public Sale: Not Applicable
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Rating: Not Applicable
TEFRA Noticing Date: October 25, 2018
TEFRA Adoption Date: November 8, 2018

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 50
Manager's Units: 1 Unrestricted
Type: Acquisition and Rehabilitation
Population Served: Senior Citizens

Federation Tower Apartments is an existing project located in Long Beach on a .93-acre site. The project consists of 49 restricted rental units, and one unrestricted manager's unit. The project has 38 one-bedroom units, and 12 studio units. The renovations will include building exterior and interior upgrades. Building exterior renovations will consist of asphalt and pavement repair, paint, sealing the exterior to ensure waterproofing, landscaping and new signage. Interior renovations will include an update to the community room. The common kitchen will be modernized and the computer room will receive upgrades. Individual apartment units will be updated with new appliances such as new refrigerator/freezers and ranges as well as new microwaves, cabinets, countertops, flooring and paint. Lastly, common or site area renovations will consist of energy efficiency upgrades including HVAC, lighting and plumbing. The furniture, fixtures and equipment will be modernized and upgraded. 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%
39% (19 units) restricted to 50% or less of area median income households.
61% (30 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:	\$ 21,005,718	
Estimated Hard Costs per Unit:	\$ 27,646	(\$1,382,307 /50 units including mgr. units)
Estimated per Unit Cost:	\$ 420,114	(\$21,005,718 /50 units including mgr. units)
Allocation per Unit:	\$ 326,600	(\$16,330,000 /50 units including mgr. units)
Allocation per Restricted Rental Unit:	\$ 333,265	(\$16,330,000 /49 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 16,330,000	\$ 13,020,000
LIH Tax Credit Equity	\$ 1,232,560	\$ 6,307,464
Deferred Developer Fee	\$ 1,597,037	\$ 1,597,037
Net Income From Operations	\$ 81,217	\$ 81,217
HUD 202 Loan	\$ 1,764,904	\$ 0
Total Sources	\$ 21,005,718	\$ 21,005,718

Uses of Funds:	
Land Cost/Acquisition	\$ 14,250,000
Rehabilitation	\$ 1,501,185
Relocation	\$ 25,000
Contractor Overhead & Profit	\$ 110,584
Architectural Fees	\$ 200,000
Survey and Engineering	\$ 90,000
Construction Interest and Fees	\$ 793,384
Permanent Financing	\$ 181,650
Legal Fees	\$ 319,000
Reserves	\$ 706,213
Appraisal	\$ 10,000
Hard Cost Contingency	\$ 138,231
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 285,371
Developer Costs	\$ 2,395,100
Total Uses	\$ 21,005,718

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:

79.5 out of 140 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$16,330,000 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	0.00
Leveraging	10	10	0.00
Community Revitalization Area	5	5	0.00
Site Amenities	10	10	7.50
Service Amenities	10	10	0.00
New Construction or Substantial Renovation	10	10	0.00
Sustainable Building Methods	10	10	7.00
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	0.00
Total Points	140	110	69.50