

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
January 16, 2019
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Richard Fischer

Applicant:	California Municipal Finance Authority
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Allocation Amount Requested:	Tax-exempt:	\$9,000,000
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Project Information:	Name:	Colden Oaks Apartments
	Project Address:	225 West Colden Avenue
	Project City, County, Zip Code:	Los Angeles, Los Angeles, 90003

Project Sponsor Information:	Name:	Colden Oaks Apartments Preservation, L.P. (Figueroa Economical Housing Development Corporation)
	Principals:	Kendall Walker for Figueroa Economical Housing Development Coporation
	Property Management Company:	Monfric, Inc

Project Financing Information:	Bond Counsel:	Orrick, Herrington & Sutcliffe LLP
	Private Placement Purchaser:	Red Stone Capital
	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 31, 2018
	TEFRA Adoption Date:	November 16, 2018

Description of Proposed Project:	State Ceiling Pool:	General
	Total Number of Units:	38
	Manager's Units:	1 Restricted
	Type:	Acquisition and Rehabilitation
	Population Served:	Family

Colden Oaks Apartments is an existing project located in Los Angeles on a .78-acre site. The project consists of 37 restricted rental units, 1 restricted manager unit. The project has 23 two-bedroom units and 15 three-bedroom units. The renovations will include both building exterior and interior upgrades. Interior upgrades will include new kitchen and bathroom equipment, new cabinets, new kitchen surfaces, new flooring, a fresh coat of paint, and window treatments. Exterior upgrades will include replacement of certain patio covers, widening of common area pathways, common area lighting, improvements to community areas, elevator cab improvements, parking area improvements and paint. The rehabilitation is expected to begin in March 2019 and be completed in December 2019.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%

21% (8 units) restricted to 50% or less of area median income households.

79% (30 units) restricted to 60% or less of area median income households.

Unit Mix: 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:	\$ 16,427,539	
Estimated Hard Costs per Unit:	\$ 30,500	(\$1,159,000 /38 units including mgr. units)
Estimated per Unit Cost:	\$ 432,304	(\$16,427,539 /38 units including mgr. units)
Allocation per Unit:	\$ 236,842	(\$9,000,000 /38 units including mgr. units)
Allocation per Restricted Rental Unit:	\$ 236,842	(\$9,000,000 /38 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 9,000,000	\$ 3,646,577
LIH Tax Credit Equity	\$ 1,398,169	\$ 4,660,562
Deferred Developer Fee	\$ 927,806	\$ 927,806
Seller Carryback Loan	\$ 1,446,635	\$ 3,537,665
HCID Loan	\$ 3,654,929	\$ 3,654,929
Total Sources	\$ 16,427,539	\$ 16,427,539

Uses of Funds:	
Land Cost/Acquisition	\$ 11,500,000
Rehabilitation	\$ 1,079,000
Relocation	\$ 47,500
Contractor Overhead & Profit	\$ 80,000
Architectural Fees	\$ 150,000
Survey and Engineering	\$ 50,000
Construction Interest and Fees	\$ 792,606
Permanent Financing	\$ 215,633
Legal Fees	\$ 85,000
Reserves	\$ 238,673
Appraisal	\$ 10,000
Hard Cost Contingency	\$ 114,000
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 209,514
Developer Costs	\$ 1,855,613
Total Uses	\$ 16,427,539

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:

65.5 out of 140 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$9,000,000 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	10
Exceeding Minimum Income Restrictions:	35	15	30.5
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	0
Large Family Units	5	5	5
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	0
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	65.5