

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
May 15, 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

Allocation Amount Requested: Tax-exempt: \$64,143,000

Project Information: Name: Park Western Apartments
Project Address: 1301 West Park Western Drive
Project City, County, Zip Code: Los Angeles, Los Angeles, 90732

Project Sponsor Information: Name: Park Western Housing, LP (Park Western Housing, LLC and AHA Los Angeles MGP, LLC)
Principals: Richard Siebert for Park Western Housing, LLC and Vasilios Salamandrakis for AHA Los Angeles MGP, LLC
Property Management Company: Aperto Property Management, Inc

Project Financing Information: Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Private Placement Purchaser: Not Applicable
Cash Flow Permanent Bond: Not Applicable
Public Sale: Credit Enhanced
Underwriter: Hunt Capital Mortgage, LLC
Credit Enhancement Provider: Fannie Mae
Rating: AA+
TEFRA Noticing Date: February 6, 2019
TEFRA Adoption Date: February 20, 2019

Description of Proposed Project: State Ceiling Pool: General
Total Number of Units: 216
Manager's Units: 2 Unrestricted
Type: Acquisition and Rehabilitation
Population Served: Family

Park Western Apartments is an existing project located in Los Angeles on a 7.72-acre site. The project consists of 214 restricted rental units and 2 unrestricted managers' units. The project has 32 one-bedroom units, 128 two-bedroom units, 32 three-bedroom units and 24 four-bedroom units. Building exterior renovations will consist of stucco repairs, roof replacement, window replacements and a fresh coat of paint. Interior renovations will include a leasing office and an expanded community room upgrades. Individual apartment units will be updated with a new kitchen appliance package, paint and electrical updates. Lastly, common or site area renovations will consist of ADA updates and gate control for increased security. The rehabilitation is began in February 2019 and is expected to be completed in July 2020.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
11% (23 units) restricted to 50% or less of area median income households.
89% (191 units) restricted to 60% or less of area median income households.
Unit Mix: 1, 2, 3 & 4 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:	\$	99,744,846	
Estimated Hard Costs per Unit:	\$	41,500	(\$8,964,000 /216 units including mgr. units)
Estimated per Unit Cost:	\$	461,782	(\$99,744,846 /216 units including mgr. units)
Allocation per Unit:	\$	296,958	(\$64,143,000 /216 units including mgr. units)
Allocation per Restricted Rental Unit:	\$	299,734	(\$64,143,000 /214 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 64,143,000	\$ 64,143,000
LIH Tax Credit Equity	\$ 14,222,038	\$ 28,443,975
Deferred Developer Fee	\$ 8,426,079	\$ 7,157,771
Developer Equity	\$ 100	\$ 100
Deferred Costs	\$ 1,566,000	\$ 0
Net Income From Operations	\$ 1,500,000	\$ 0
Total Sources	\$ 89,857,217	\$ 99,744,846

Uses of Funds:	
Land Cost/Acquisition	\$ 66,246,500
Rehabilitation	\$ 9,705,918
Relocation	\$ 964,000
Contractor Overhead & Profit	\$ 717,121
Architectural Fees	\$ 350,000
Survey and Engineering	\$ 180,000
Construction Interest and Fees	\$ 4,796,872
Permanent Financing	\$ 1,726,101
Legal Fees	\$ 345,000
Reserves	\$ 1,096,803
Appraisal	\$ 9,000
Hard Cost Contingency	\$ 1,344,600
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 1,445,160
Developer Costs	\$ 10,817,771
Total Uses	\$ 99,744,846

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:

67.9 out of 140 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$64,143,000 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	20
Exceeding Minimum Income Restrictions:	35	15	25.4
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	0
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	67.9