

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: \$19,010,475

Project Information: Name: Hollywood El Centro Apartments
Project Address: 6211 De Longpre Avenue
Project City, County, Zip Code: Los Angeles, Los Angeles, 90028

Project Sponsor Information: Name: HWD El Centro Housing LP (HWD El Centro Housing LLC and Housing Corporation of America)
Principals: Thomas L. Safran Living Trust dated August 5, 2011, Andrew Gross and Jordan Pynes for the HWD El Centro Housing LLC; Ronald Olson, Carol Cromar, Corey Heimlich, Jon Olson and Bonnie Young for the Housing Corporation of America
Property Management Company: Thomas Safran & Associates, Inc.

Project Financing Information: Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Private Placement Purchaser: Citibank, N.A./Thomas Safran & Associates
Cash Flow Permanent Bond: Thomas Safran & Associates
Public Sale: Not Applicable
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Rating: Not Applicable
TEFRA Noticing Date: November 14, 2018
TEFRA Adoption Date: December 4, 2018

Description of Proposed Project: State Ceiling Pool: General
Total Number of Units: 88
Manager's Units: 1 Unrestricted
Type: Acquisition and Rehabilitation
Population Served: Family

Hollywood El Centro Apartments is an existing project located in Los Angeles on approximately an 1.7-acre site. The project consists of 87 restricted rental units, and 1 unrestricted manager unit. The project has 38 studio units, 36 one-bedroom units, 11 two-bedroom units and 3 three-bedroom units. The renovations will include building exterior and interior upgrades. Building exterior renovations will consist of stucco repairs, roof replacement, window replacements, new security system, covered common area recarpeted and a fresh coat of paint. Interior renovations will include community room upgrades. Individual apartment units will be updated with light fixtures, paint and electrical updates. The rehabilitation is expected to begin in April 2019 and will be completed in December 2019.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
100% (87 units) restricted to 50% 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:	\$ 35,122,055	
Estimated Hard Costs per Unit:	\$ 41,548	(\$3,656,193 /88 units including mgr. unit)
Estimated per Unit Cost:	\$ 399,114	(\$35,122,055 /88 units including mgr. unit)
Allocation per Unit:	\$ 216,028	(\$19,010,475 /88 units including mgr. unit)
Allocation per Restricted Rental Unit:	\$ 218,511	(\$19,010,475 /87 restricted unit)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 8,010,475	\$ 0
Cash Flow Permanent Bonds	\$ 11,000,000	\$ 11,000,000
FHA Loan	\$ 11,521,500	\$ 11,521,500
LIH Tax Credit Equity	\$ 110,914	\$ 10,038,941
Developer Equity	\$ 3,819,868	\$ 0
Deferred Developer Fee	\$ 0	\$ 1,902,316
Net Income From Operations	\$ 659,298	\$ 659,298
Total Sources	\$ 35,122,055	\$ 35,122,055

Uses of Funds:	
Land Cost/Acquisition	\$ 23,473,144
Rehabilitation	\$ 3,952,421
Relocation	\$ 110,000
Contractor Overhead & Profit	\$ 310,045
Architectural Fees	\$ 195,000
Survey and Engineering	\$ 85,000
Construction Interest and Fees	\$ 1,286,893
Permanent Financing	\$ 39,565
Legal Fees	\$ 182,500
Reserves	\$ 404,787
Appraisal	\$ 4,750
Hard Cost Contingency	\$ 844,072
Local Development Impact Fees	\$ 100,000
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 301,510
Developer Costs	\$ 3,832,368
Total Uses	\$ 35,122,055

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:

75 out of 140 [See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$19,010,475 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 Restriction:	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	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	75