

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
July 17, 2019
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Richard Fischer

Applicant: California Statewide Communities Development Authority

Allocation Amount Requested:
Tax-exempt: \$26,000,000

Project Information:
Name: Pavilion Court Apartments
Project Address: 8371 & 8405 Telegraph Road
Project City, County, Zip Code: Pico Rivera, Los Angeles, 90660

Project Sponsor Information:
Name: Pavilion Affordable Housing, LP (Pavilion Court, LLC & Kingdom Pavilion, LLC)
Principals: Jeff Damavandi for Pavilion Court, LLC and William Leach for Kingdom Pavilion, LLC
Property Management Company: Hyder Property Management

Project Financing Information:
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Private Placement Purchaser: Walker & Dunlap
Cash Flow Permanent Bond: Not Applicable
Public Sale: Not Applicable
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Rating: Not Applicable
TEFRA Noticing Date: June 4, 2019
TEFRA Adoption Date: June 11, 2019

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 132
Manager's Units: 2 Unrestricted
Type: Acquisition and Rehabilitation
Population Served: Family

Pavilion Court Apartments is an existing project located in Pico Rivera on a 3.06-acre site. The project consists of 130 restricted rental units and 2 unrestricted manager units. The project has 47 one-bedroom units, 66 two-bedroom units and 19 three-bedroom units. The renovations will include building exterior and interior upgrades. Building exterior renovations will consist of stucco repairs, roof replacement, window replacements and a fresh coat of paint. Interior renovations will include a laundry room, leasing office and community room upgrades. Individual apartment units will be updated with a new kitchen appliance package, countertops, cabinets, paint and electrical lighting with LED fixtures and other electrical updates. Lastly, common or site area renovations will consist of concrete repairs, asphalt replacement & ADA updates. The rehabilitation is expected to begin in October 2019 and will be completed in November 2020.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
11% (14 units) restricted to 50% or less of area median income households.
89% (116 units) restricted to 60% or less of area median income households.
Unit Mix: 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: \$ 52,206,145
Estimated Hard Costs per Unit: \$ 53,712 (\$7,090,000 /132 units including mgr. units)
Estimated per Unit Cost: \$ 395,501 (\$52,206,145 /132 units including mgr. units)
Allocation per Unit: \$ 196,970 (\$26,000,000 /132 units including mgr. units)
Allocation per Restricted Rental Unit: \$ 200,000 (\$26,000,000 /130 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 17,724,245	\$ 17,724,245
Tranche B Financing	\$ 8,275,755	\$ 0
LIH Tax Credit Equity	\$ 3,512,578	\$ 14,050,311
Developer Equity	\$ 0	\$ 827,250
Deferred Developer Fee	\$ 0	\$ 3,695,040
Deferred Costs	\$ 7,017,364	\$ 0
Seller Carryback Loan	\$ 14,341,650	\$ 14,341,650
Net Income From Operations	\$ 934,553	\$ 1,167,649
Reserves	\$ 400,000	\$ 400,000
Total Sources	\$ 52,206,145	\$ 52,206,145

Uses of Funds:	
Land Cost/Acquisition	\$ 32,800,000
Rehabilitation	\$ 7,435,516
Relocation	\$ 396,000
Contractor Overhead & Profit	\$ 555,200
Architectural Fees	\$ 200,000
Construction Interest and Fees	\$ 1,947,768
Permanent Financing	\$ 584,276
Legal Fees	\$ 105,000
Reserves	\$ 802,038
Appraisal	\$ 8,000
Hard Cost Contingency	\$ 799,072
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 726,916
Developer Costs	\$ 5,846,359
Total Uses	\$ 52,206,145

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:

50.4 out of 140 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$26,000,000 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	0
Exceeding Minimum Income Restrictions:	35	15	25.4
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	10
Large Family Units	5	5	0
Leveraging	10	10	0
Community Revitalization Area	5	5	0
Site Amenities	10	10	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	120	50.4