

**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: Chee Thao Yang*

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**Applicant:** The Los Angeles County Development Authority

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**Allocation Amount Requested:**  
**Tax-exempt:** \$7,500,000

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**Project Information:**  
**Name:** Carson Terrace Senior Apartments  
**Project Address:** 632 E. 219th. Street  
**Project City, County, Zip Code:** Carson, Los Angeles, 90745

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**Project Sponsor Information:**  
**Name:** Carson Terrace Partners, LP (Los Angeles Housing General Partner;  
The Richman Group of CA Development Company)  
**Principals:** Kristin Miller, Luke Daniels, Rick Westberg for Los Angeles  
Housing General Partner; David Grunwald, Ruben Grigorian &  
Vivian Ramirez for The Richman Group of CA Development  
Company  
**Property Management Company:** Richman Property Services (RPS)

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**Project Financing Information:**  
**Bond Counsel:** Kutak Rock LLP  
**Private Placement Purchaser:** Bank of America, N.A.  
**Cash Flow Permanent Bond:** Not Applicable  
**Public Sale:** Not Applicable  
**Underwriter:** Not Applicable  
**Credit Enhancement Provider:** Not Applicable  
**Rating:** Not Applicable  
**TEFRA Noticing Date:** January 2, 2019  
**TEFRA Adoption Date:** February 19, 2019

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**Description of Proposed Project:**  
**State Ceiling Pool:** General  
**Total Number of Units:** 63  
**Manager's Units:** 1 Unrestricted  
**Type:** Acquisition and Rehabilitation  
**Population Served:** Senior Citizens

Carson Terrace Senior Apartments is an existing project located in Carson on a 0.98-acre site. The project consists of 62 restricted rental units, and 1 unrestricted manager unit. The project has 62 one-bedroom units and 1 two-bedroom unit for the manager. The renovations will include building exterior and interior upgrades. Building exterior renovations will consist of roof replacement, address eaves and gutter to fix persistent water intrusion, replacement of windows, and painting of exterior. Interior renovations will include updates to the laundry rooms and community rooms. Individual apartment units will be updated with refrigerators, countertops, range/oven, and a fresh coat of paint. Lastly, common or site area renovations will consist of ADA updates. The rehabilitation is expected to begin in October 2019 and be completed in April 2020.

**Description of Public Benefits:**

**Percent of Restricted Rental Units in the Project:** 100%

100% (62 units) restricted to 50% or less of area median income households.

0% (0 units) restricted to 60% or less of area median income households.

**Unit Mix:** 1 & 2 bedrooms

The proposed project will be receiving service amenity points.

**Term of Restrictions:**

**Income and Rent Restrictions:** 55 years

**Details of Project Financing:**

<b>Estimated Total Development Cost:</b>	\$ 14,049,778	
<b>Estimated Hard Costs per Unit:</b>	\$ 35,611	(\$2,243,471 /63 units including mgr. unit)
<b>Estimated per Unit Cost:</b>	\$ 223,012	(\$14,049,778 /63 units including mgr. unit)
<b>Allocation per Unit:</b>	\$ 119,048	(\$7,500,000 /63 units including mgr. unit)
<b>Allocation per Restricted Rental Unit:</b>	\$ 120,968	(\$7,500,000 /62 restricted units)

<b>Sources of Funds:</b>	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 7,500,000	\$ 1,744,000
Tranche B Financing	\$ 0	\$ 2,701,134
LIH Tax Credit Equity	\$ 652,831	\$ 4,352,206
Deferred Developer Fee	\$ 989,566	\$ 0
AHP	\$ 0	\$ 550,000
Net Income From Operations	\$ 90,000	\$ 90,000
City of Carson Housing Authority Loan	\$ 4,098,438	\$ 4,098,438
Deferred Operating Deficit	\$ 204,943	\$ 0
Purchase Reserves	\$ 514,000	\$ 514,000
<b>Total Sources</b>	<b>\$ 14,049,778</b>	<b>\$ 14,049,778</b>

<b>Uses of Funds:</b>	
Land Cost/Acquisition	\$ 6,100,000
Rehabilitation	\$ 2,960,836
Relocation	\$ 150,000
Contractor Overhead & Profit	\$ 257,993
Architectural Fees	\$ 350,000
Survey and Engineering	\$ 390,079
Construction Interest and Fees	\$ 551,000
Permanent Financing	\$ 143,000
Legal Fees	\$ 150,000
Reserves	\$ 553,803
Appraisal	\$ 15,000
Hard Cost Contingency	\$ 351,689
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 499,500
Developer Costs	\$ 1,576,878
<b>Total Uses</b>	<b>\$ 14,049,778</b>

**Analyst Comments:**

None

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**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.

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**Total Points:**

97 out of 140 [See Attachment A]

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**Recommendation:**

Staff recommends that the Committee approves \$75,000,000 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	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
Leveraging	10	10	4.5
Community Revitalization Area	5	5	0
Site Amenities	10	10	10
Service Amenities	10	10	10
New Construction or Substantial Renovation	10	10	10
Sustainable Building Methods	10	10	7
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
<b>Total Points</b>	<b>140</b>	<b>110</b>	<b>96.5</b>