

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

Prepared by: Isaac Clark III

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**Applicant:** California Municipal Finance Authority

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**Allocation Amount Requested:**  
**Tax-exempt:** \$14,333,283

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**Project Information:**  
**Name:** PCH & Magnolia  
**Project Address:** 460 W. Pacific Coast Highway  
**Project City, County, Zip Code:** Long Beach, Los Angeles, 90806

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**Project Sponsor Information:**  
**Name:** LINC-PCH, LP (LINC-PCH, LLC / Linc Housing Corporation)  
**Principals:** Rebecca Clark and Suny Lay Chang for LINC Housing Corporation  
**Property Management Company:** John Stewart Company

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**Project Financing Information:**  
**Bond Counsel:** Jones Hall, A Professional Law Corporation  
**Private Placement Purchaser:** Union Bank  
**Cash Flow Permanent Bond:** Not Applicable  
**Public Sale:** Not Applicable  
**Underwriter:** Not Applicable  
**Credit Enhancement Provider:** Not Applicable  
**Rating:** Not Applicable  
**TEFRA Noticing Date:** May 28, 2019  
**TEFRA Adoption Date:** January 0, 1900

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**Description of Proposed Project:**  
**State Ceiling Pool:** General  
**Total Number of Units:** 40  
**Manager's Units:** 1 Unrestricted  
**Type:** New Construction  
**Population Served:** Family/Special Needs

PCH & Magnolia is a new construction project located in Long Beach on a 0.96-acre site. The project consists of 39 restricted rental units, 0 market rate units and 1 unrestricted manager unit. The project will have 39 one-bedroom units, 0 two-bedroom units and 0 three-bedroom units. The building will be a one four-story building with elevator access. The project will provide ample community room space, private offices, on-site laundry facilities, common outdoor space, and bicycle parking. All access points to the property will be secured by either gate or locked entry door. Each unit will have similar amenities, including finishes, and appliances, cabinetry. There are 20 parking spaces provided, including 2 ADA accessible spaces, located in a secured lot. The project will meet the Minimum Construction Standards of the California Tax Credit Allocation Committee. The property will incorporate Energy Star appliances, energy efficient lighting, and efficient plumbing and irrigation features. The construction is expected to begin in April 2020 and end November 2021.

**Description of Public Benefits:**

**Percent of Restricted Rental Units in the Project:** 100%  
100% (39 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 bedroom

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:** \$ 25,479,338  
**Estimated Hard Costs per Unit:** \$ 278,873 (\$11,154,910 /40 units including mgr. unit)  
**Estimated per Unit Cost:** \$ 636,983 (\$25,479,338 /40 units including mgr. unit)  
**Allocation per Unit:** \$ 358,332 (\$14,333,283 /40 units including mgr. unit)  
**Allocation per Restricted Rental Unit:** \$ 367,520 (\$14,333,283 /39 restricted units)

| <b>Sources of Funds:</b>        | Construction         | Permanent            |
|---------------------------------|----------------------|----------------------|
| Tax-Exempt Bond Proceeds        | \$ 14,333,283        | \$ 4,235,000         |
| Cash Flow Permanent Bonds       | \$ 0                 | \$ 0                 |
| Tranche B Financing             | \$ 0                 | \$ 0                 |
| Taxable Bond Proceeds           | \$ 0                 | \$ 0                 |
| LP Tax Credit Equity            | \$ 742,540           | \$ 8,865,399         |
| LBCIC                           | \$ 2,031,000         | \$ 2,031,000         |
| Deferred Developer Fee          | \$ 850,399           | \$ 850,399           |
| LBCIC Accrued/Deferred Interest | \$ 55,387            | \$ 55,387            |
| LACDA                           | \$ 6,040,000         | \$ 8,540,000         |
| LACDA Accrued/Deferred Interest | \$ 254,053           | \$ 254,053           |
| AHP Loan                        | \$ 429,000           | \$ 429,000           |
| GP Contribution                 | \$ 100               | \$ 100               |
| Cost Deferred Until Conversion  | \$ 524,576           | \$ 0                 |
| LBCIC Impact Fee Exemption      | \$ 219,000           | \$ 219,000           |
| <b>Total Sources</b>            | <b>\$ 25,479,338</b> | <b>\$ 25,479,338</b> |

| <b>Uses of Funds:</b>                             |                      |
|---|----------------------|
| Land Cost/Acquisition                             | \$ 2,785,000         |
| Rehabilitation                                    | \$ 0                 |
| Relocation  | \$ 0                 |
| New Construction                                  | \$ 13,003,489        |
| Contractor Overhead & Profit                      | \$ 0                 |
| Architectural Fees                                | \$ 850,000           |
| Survey and Engineering                            | \$ 545,000           |
| Construction Interest and Fees                    | \$ 1,781,582         |
| Permanent Financing                               | \$ 47,350            |
| Legal Fees  | \$ 140,000           |
| Reserves  | \$ 155,826           |
| Appraisal   | \$ 4,000             |
| Hard Cost Contingency                             | \$ 1,109,328         |
| Local Development Impact Fees                     | \$ 0                 |
| Other Project Costs (Soft Costs, Marketing, etc.) | \$ 2,257,364         |
| Developer Costs                                   | \$ 2,800,399         |
| <b>Total Uses</b>                                 | <b>\$ 25,479,338</b> |

**Analyst Comments:**

This project is considered a high cost per unit project. The developer fee of \$2,800,399 includes a deferred developer fee of \$850,399 which is included in the project to generate basis.

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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:**

75 out of 140 [See Attachment A]

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**Recommendation:**

Staff recommends that the Committee approves \$14,333,283 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   | 0             |
| Exceeding Minimum Income Restrictions:   | 35   | 15   | 35            |
| Exceeding Minimum Rent Restrictions<br>[Allowed if 10 pts not awarded above in Preservation Project] | [10]   | [10]   | 10.00         |
| Large Family Units   | 5  | 5  | 0.00          |
| Leveraging   | 10   | 10   | 10.00         |
| Community Revitalization Area  | 5  | 5  | 0.00          |
| Site Amenities   | 10   | 10   | 10.00         |
| Service Amenities  | 10   | 10   | 0.00          |
| New Construction or Substantial Renovation   | 10   | 10   | 10.00         |
| Sustainable Building Methods   | 10   | 10   | 0.00          |
| Forgone Eligible Developer Fee<br>(Competitive Allocation Process Only)                              | 10   | 10   | 0.00          |
| Minimum Term of Restrictions<br>(Competitive Allocation Process Only)                                | 10   | 10   | 0.00          |
| Negative Points (No Maximum)   | -10  | -10  | 0.00          |
| <b>Total Points</b>  | <b>140</b>   | <b>120</b>                                       | <b>75.00</b>  |