

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: Sarah Lester

Applicant:	California Statewide Communities Development Authority
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Allocation Amount Requested:	Tax-exempt: \$25,000,000
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Project Information:	Name: Apple Tree Village
	Project Address: 9229 N. Sepulveda Blvd.
	Project City, County, Zip Code: Los Angeles, Los Angeles, 91343

Project Sponsor Information:	Name: ABS Sepulveda LP (ABS Properties, Inc. and Affordable Housing USA)
	Principals: Samir Srivastava for ABS Properties, Inc.; and Genny Alberts, David Etezadi and Hugh Martinez for Affordable Housing USA
	Property Management Company: Genessy Management and Development LLC

Project Financing Information:	Bond Counsel: Orrick, Herrington & Sutcliffe LLP
	Private Placement Purchaser: Walker & Dunlop
	Cash Flow Permanent Bond: Not Applicable
	Public Sale: Not Applicable
	Underwriter: Not Applicable
	Credit Enhancement Provider: Not Applicable
	Rating: Not Applicable
	TEFRA Noticing Date: March 22, 2019
	TEFRA Adoption Date: April 19, 2019

Description of Proposed Project:	State Ceiling Pool: General
	Total Number of Units: 125
	Manager's Units: 3 Unrestricted
	Type: Acquisition and Rehabilitation
	Population Served: Family

Apple Tree Apartments is an existing project located in North Hills on a 1.52-acre site. The project consists of 122 restricted rental units and 3 unrestricted manager units. The project has 47 two-bedroom units and 78 three-bedroom units. The renovations will include building exterior upgrades. Building exterior renovations will consist of roof replacement and stucco repairs. Individual apartment units will be updated with LED lighting, new energy star appliances, ceramic tile or natural linoleum in all kitchens/baths, ceiling fans, new blinds and low flow plumbing fixtures in all kitchens and baths. Lastly, common or site area renovations will consist of high efficiency LED lighting, sustainable bamboo floors and non-VOC paints. The rehabilitation is expected to begin in December 2019 and be completed in December 2020.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
100% (122 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: 2 & 3 bedrooms

The proposed project will be receiving service amenity points.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$	43,625,250	
Estimated Hard Costs per Unit:	\$	35,804	(\$4,475,534 /125 units including mgr. units)
Estimated per Unit Cost:	\$	349,002	(\$43,625,250 /125 units including mgr. units)
Allocation per Unit:	\$	200,000	(\$25,000,000 /125 units including mgr. units)
Allocation per Restricted Rental Unit:	\$	204,918	(\$25,000,000 /122 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 25,000,000	\$ 20,944,102
LIH Tax Credit Equity	\$ 9,436,134	\$ 14,517,129
GP Equity	\$ 183,707	\$ 183,707
Deferred Developer Fee	\$ 3,314,992	\$ 2,750,000
Seller Seller Note	\$ 2,562,003	\$ 2,562,003
CHFA - School Facility Fee (SFRRP)	\$ 279,234	\$ 279,234
Deferred Reserves	\$ 460,105	\$ 0
Rental Income During Construction	\$ 2,112,971	\$ 2,112,971
Capital Needs Reserves	\$ 276,104	\$ 276,104
Total Sources	\$ 43,625,250	\$ 43,625,250

Uses of Funds:	
Land Cost/Acquisition	\$ 23,572,567
Rehabilitation	\$ 5,687,454
Relocation	\$ 1,100,000
Contractor Overhead & Profit	\$ 417,166
Architectural Fees	\$ 243,000
Survey and Engineering	\$ 80,000
Construction Interest and Fees	\$ 4,925,982
Permanent Financing	\$ 304,367
Legal Fees	\$ 130,000
Reserves	\$ 460,105
Appraisal	\$ 13,500
Hard Cost Contingency	\$ 430,231
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 818,574
Developer Costs	\$ 5,442,304
Total Uses	\$ 43,625,250

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:

92 out of 140 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$25,000,000 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	5
Leveraging	10	10	0
Community Revitalization Area	5	5	0
Site Amenities	10	10	5
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
Total Points	140	110	92