

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
December 11, 2019
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Sarah Lester

Applicant: California Municipal Finance Authority

Allocation Amount Requested: Tax-exempt: \$9,000,000

Project Information:

Name: Kensington Homes
Project Address: Avenue I & 32nd Street West
Project City, County, Zip Code: Lancaster, Los Angeles, 93536

Project Sponsor Information:

Name: No More Lemons, LP (The People Concern and InSite Development LLC)
Principals: John Macieri for The People Concern; Steven Eglash, Dehua Chen and Scott Williams for InSite Development, LLC
Property Management Company: Ironwood Management

Project Financing Information:

Bond Counsel: Kutak Rock LLP
Private Placement Purchaser: California Bank & Trust
Cash Flow Permanent Bond: Not Applicable
Public Sale: Not Applicable
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Rating: Not Applicable
TEFRA Noticing Date: September 26 & October 1, 2019
TEFRA Adoption Date: October 8, 2019

Description of Proposed Project:

State Ceiling Pool: General
Total Number of Units: 51
Manager's Units: 1 Unrestricted
Type: New Construction
Population Served: Family

Kensington Homes Apartments is a new construction project located in Lancaster on a 2.7-acre site. The project consists of 50 restricted rental units and one (1) unrestricted manager unit. The project will have 51 one-bedroom supportive housing units. There will be 2 two-story buildings. Common amenities include a community room, a central courtyard and laundry facilities. Each unit will have a refrigerator, stove, bed, dresser, a lamp, a dining table with chairs and window coverings. There are 47 parking spaces (4 accessible and 2 future electrical stalls) provided. The construction is expected to begin in March 2020 and be completed in December 2021.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
100% (50 units) restricted to 50% or less of area median income households.
Unit Mix: 1 bedroom

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:	\$ 18,091,366	
Estimated Hard Costs per Unit:	\$ 217,786	(\$11,107,110 /51 units including mgr. unit)
Estimated per Unit Cost:	\$ 354,733	(\$18,091,366 /51 units including mgr. unit)
Allocation per Unit:	\$ 176,471	(\$9,000,000 /51 units including mgr. unit)
Allocation per Restricted Rental Unit:	\$ 180,000	(\$9,000,000 /50 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 9,000,000	\$ 1,100,000
LIH Tax Credit Equity	\$ 696,346	\$ 5,296,346
Deferred Developer Fee	\$ 195,020	\$ 195,020
No Place Like Home LACDA	\$ 8,200,000	\$ 11,500,000
Total Sources	\$ 18,091,366	\$ 18,091,366

Uses of Funds:	
New Construction	\$ 11,368,000
Contractor Overhead & Profit	\$ 732,000
Architectural Fees	\$ 200,000
Survey and Engineering	\$ 75,000
Construction Interest and Fees	\$ 895,000
Permanent Financing	\$ 20,000
Legal Fees	\$ 85,000
Reserves	\$ 599,568
Appraisal	\$ 7,500
Hard Cost Contingency	\$ 900,000
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 937,660
Developer Costs	\$ 2,271,638
Total Uses	\$ 18,091,366

Analyst Comments:

The proposed project is Phase 3 of the Kensington Campus' concept of creating a "village" with a housing community that is intended to target homeless and chronically homeless populations with different levels of a type of progressive, supportive housing.

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:

72.5 out of 140 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$9,000,000 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	35
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	10
Community Revitalization Area	5	5	0
Site Amenities	10	10	2.5
Service Amenities	10	10	5
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	72.5