

**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: Isaac Clark III*

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<b>Applicant:</b>	<b>California Public Finance Authority</b>
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<b>Allocation Amount Requested:</b>	
<b>Tax-exempt:</b>	\$22,400,000

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<b>Project Information:</b>	
<b>Name:</b>	<b>Cecil Residential Apartments</b>
<b>Project Address:</b>	636-644 S. Main Street
<b>Project City, County, Zip Code:</b>	Los Angeles, Los Angeles, 90014

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<b>Project Sponsor Information:</b>	
<b>Name:</b>	SB Residential LA, LP (SB Residential LA, LP / Skid Row Housing Trust / Hunt Capital Partners, LLC)
<b>Principals:</b>	Matthew Baron for SB Residential LA GP, LLC / Lee Raagas, CEO for Skid Row Housing Trust
<b>Property Management Company:</b>	SRHT Property Management Company

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<b>Project Financing Information:</b>	
<b>Bond Counsel:</b>	Orrick, Herrington & Sutcliffe LLP
<b>Private Placement Purchaser:</b>	FALLBROOK LOAN FUND
<b>Cash Flow Permanent Bond:</b>	Not Applicable
<b>Public Sale:</b>	Not Applicable
<b>Underwriter:</b>	Not Applicable
<b>Credit Enhancement Provider:</b>	Not Applicable
<b>Rating:</b>	Not Applicable
<b>TEFRA Noticing Date:</b>	October 22, 2019
<b>TEFRA Adoption Date:</b>	October 22, 2019

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<b>Description of Proposed Project:</b>	
<b>State Ceiling Pool:</b>	General
<b>Total Number of Units:</b>	264
<b>Manager's Units:</b>	3 Unrestricted
<b>Type:</b>	Acquisition and Rehabilitation
<b>Population Served:</b>	Family

The Cecil Residential Apartment project is an acquisition and rehabilitation project located in Los Angeles. The project will provide communal kitchen, lounge areas, space for supportive services, and laundry facilities. Security services are included in the operating budget for the project. New windows will be installed throughout. As a result, the project is estimated to achieve energy efficiency savings of approximately 49%. The 14-story building of approximately 156,000 sq. ft will consist of 261 restricted rental units. All 261 units will be SRO/Studio units. The 3 manager units will consist of 2-one bedroom units and 1 two-bedroom unit. The rehabilitation is expected to begin in January 2020 and be completed in January 2022.

**Description of Public Benefits:**

**Percent of Restricted Rental Units in the Project:** 100%  
96% (251 units) restricted to 50% or less of area median income households.  
4% (10 units) restricted to 60% or less of area median income households.  
**Unit Mix:** Studio & 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:** \$ 41,642,000  
**Estimated Hard Costs per Unit:** \$ 87,898 (\$23,205,102 /264 units including mgr. units)  
**Estimated per Unit Cost:** \$ 157,735 (\$41,642,000 /264 units including mgr. units)  
**Allocation per Unit:** \$ 84,848 (\$22,400,000 /264 units including mgr. units)  
**Allocation per Restricted Rental Unit:** \$ 85,824 (\$22,400,000 /261 restricted units)

<b>Sources of Funds:</b>	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 22,400,000	\$ 4,740,000
Cash Flow Permanent Bonds	\$ 0	\$ 0
Tranche B Financing	\$ 0	\$ 0
LACDA No Place Like Home	\$ 15,000,000	\$ 15,000,000
LIH Tax Credit Equity	\$ 0	\$ 11,650,650
Deferred Developer Fee	\$ 0	\$ 2,581,000
Deferred to Permanent	\$ 2,512,000	\$ 0
Deferred Costs	\$ 0	\$ 0
Seller Carryback Loan	\$ 0	\$ 0
Itemized Public Funds Sources	\$ 0	\$ 0
Net Income From Operations	\$ 0	\$ 0
Hunt Capital Partners, LLC-LIHTC	\$ 1,130,000	\$ 0
Hunt Capital Partners, LLC-HTC	\$ 600,000	\$ 6,119,388
TE Subordinate Cash Flow Loan	\$ 0	\$ 1,550,962
<b>Total Sources</b>	<b>\$ 41,642,000</b>	<b>\$ 41,642,000</b>

<b>Uses of Funds:</b>	
Land Cost/Acquisition	\$ 0
Rehabilitation	\$ 26,635,102
Relocation	\$ 0
New Construction	\$ 0
Contractor Overhead & Profit	\$ 0
Architectural Fees	\$ 1,205,537
Survey and Engineering	\$ 340,737
Construction Interest and Fees	\$ 3,157,018
Permanent Financing	\$ 124,800
Legal Fees	\$ 455,000
Reserves	\$ 921,550
Appraisal	\$ 5,800
Hard Cost Contingency	\$ 2,804,122
Local Development Impact Fees	\$ 104,500
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 806,834
Developer Costs	\$ 5,081,000
<b>Total Uses</b>	<b>\$ 41,642,000</b>

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**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:**

62.50 out of 140 [See Attachment A]

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**Recommendation:**

Staff recommends that the Committee approves \$22,400,000 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	10
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	0.00
Leveraging	10	10	10.00
Community Revitalization Area	5	5	0.00
Site Amenities	10	10	2.50
Service Amenities	10	10	0.00
New Construction or Substantial Renovation	10	10	0.00
Sustainable Building Methods	10	10	5.00
Forgone Eligible Developer Fee (Competitive Allocation Process Only)	10	10	N/A
Minimum Term of Restrictions (Competitive Allocation Process Only)	10	10	0.00
Negative Points (No Maximum)	-10	-10	0.00
<b>Total Points</b>	<b>140</b>	<b>110</b>	<b>62.50</b>