

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
December 9, 2020
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Ken Otrotsyuk

Applicant:	California Housing Finance Agency
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Allocation Amount Requested:	Tax-exempt: \$14,555,000
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Project Information:	Name: Douglas Park Apartments
	Project Address: 1108 N. Culver Avenue
	Project City, County, Zip Code: Compton, Los Angeles, 90222

Project Sponsor Information:	Name: Douglas Park Community Partners, LP (WNC - Douglas Park GP, LLC & FFAH V Douglas Park, LLC)
	Principals: Wilfred Cooper, Anand Kannan for WNC - Douglas Park GP, LLC; Deborrah A. Willard for FFAH V Douglas Park, LLC
	Property Management Company: FPI Management, INC.

Project Financing Information:	Bond Counsel: Orrick, Herrington & Sutcliffe LLP
	Private Placement Purchaser: Citibank, N.A.
	Cash Flow Permanent Bond: Not Applicable
	Public Sale: Not Applicable
	Underwriter: Not Applicable
	Credit Enhancement Provider: Not Applicable
	Rating: Not Applicable

Description of Proposed Project:	State Ceiling Pool: Other Affordable Pool
	Total Number of Units: 72
	Manager's Units: 1 Unrestricted
	Type: Acquisition and Rehabilitation
	Population Served: Family

Douglas Park Apartments is an existing project located in Compton on a 3.47-acre site. The project consists of 71 restricted rental units, 0 market rate units and 1 unrestricted managers' units. The project has 59 two-bedroom units and 12 three-bedroom units. The renovations will include building exterior and interior upgrades. Building exterior renovations will consist of re-roofing and painting. Interior renovations will include replacing and upgrading building systems as necessary. Individual apartment units will be updated with a new refrigerators, ranges, range hoods and dishwashers. Lastly, common or site area renovations will consist of addressing health and safety issues, ADA, deferred maintenance, and energy efficiency when possible and addressing parking lot deferred maintenance, site fencing. The rehabilitation is expected to begin in January 2021 and be completed in December 2021.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
30% (21 units) restricted to 50% or less of area median income households.
70% (50 units) restricted to 60% or less of area median income households.
Unit Mix: Studio & 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:	\$ 32,041,986	
Estimated Hard Costs per Unit:	\$ 60,000	(\$4,320,000 /72 units including mgr. units)
Estimated per Unit Cost:	\$ 445,028	(\$32,041,986 /72 units including mgr. units)
Allocation per Unit:	\$ 202,153	(\$14,555,000 /72 units including mgr. units)
Allocation per Restricted Rental Unit:	\$ 205,000	(\$14,555,000 /71 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 14,555,000	\$ 14,555,000
Taxable Bond Proceeds	\$ 9,245,000	\$ 6,390,000
LIH Tax Credit Equity	\$ 4,345,925	\$ 8,637,672
Deferred Developer Fee	\$ 2,458,688	\$ 1,021,941
Net Income From Operations	\$ 1,106,373	\$ 1,106,373
Existing Reserves	<u>\$ 331,000</u>	<u>\$ 331,000</u>
Total Sources	\$ 32,041,986	\$ 32,041,986

Uses of Funds:	
Land Cost/Acquisition	\$ 20,443,000
Rehabilitation	\$ 4,687,200
Relocation	\$ 195,000
New Construction	\$ 0
Contractor Overhead & Profit	\$ 345,600
Architectural Fees	\$ 75,000
Survey and Engineering	\$ 107,649
Construction Interest and Fees	\$ 2,167,244
Permanent Financing	\$ 35,000
Legal Fees	\$ 215,000
Reserves	\$ 792,000
Appraisal	\$ 7,500
Hard Cost Contingency	\$ 251,640
Local Development Impact Fees	\$ 0
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 239,728
Developer Costs	<u>\$ 2,480,425</u>
Total Uses	\$ 32,041,986

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:

135 out of 145 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$14,555,000 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	35.00
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	0
Large Family Units	5	5	0.00
Gross Rents	5	5	5.00
Leveraging	10	10	10.00
Community Revitalization Area	5	5	5.00
Site Amenities	10	10	10.00
Service Amenities	10	10	10.00
New Construction or Substantial Renovation	10	10	10.00
Sustainable Building Methods	10	10	10.00
Forgone Eligible Developer Fee (Competitive Allocation Process Only)	10	10	10.00
Minimum Term of Restrictions (Competitive Allocation Process Only)	10	10	10.00
Negative Points (No Maximum)	-10	-10	0.00
Total Points	145	125	135.00