

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: Isaac Clark III

Applicant:	California Municipal Finance Authority
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Allocation Amount Requested:	Tax-exempt: \$16,300,000
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Project Information:	Name: South Bay Villa
	Project Address: 13111 San Pedro Street
	Project City, County, Zip Code: Los Angeles, Los Angeles, 90061

Project Sponsor Information:	Name: SBV Housing Preservation, LP (Rainbow - SBV, LLC / SBV Housing Preservation AGP, LLC / SBV Housing Preservation Class A, LLC / Regions Bank)
	Principals: Joseph Sherman, President; Gary Silversmith, Secretary/CFO; Flynn Janisse, Executive Director for Rainbow - SBV, LLC / Matthew Finkle, Vice President; Stephen Ross, President; Jeff Blau, Executive Vice President; Bruce Beal, Executive Vice President; Jeff Brodsky, Vice President for Related Affordable, LLC
	Property Management Company: Related Management Company, LP

Project Financing Information:	Bond Counsel: Jones Hall, A Professional Law Corporation
	Private Placement Purchaser: Wells Fargo Bank, 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: General
	Total Number of Units: 80
	Manager's Units: 1 Unrestricted
	Type: Acquisition and Rehabilitation
	Population Served: Family

South Bay Villa Apartments project is located in Los Angeles. The entire project consists of 79 restricted rental units and 1 unrestricted manager unit. The entire project has 56 two-bedroom units and 24 three-bedroom units. Unit renovations will include a balcony, blinds, luxury vinyl tile flooring, central air conditioning, granite countertops, and coat closet, ceiling fans, garbage disposal, oven, refrigerator and walk-in closet. Community renovations will include a basketball court, carports, community room, courtyard, central laundry, on-site management, picnic area, off-street parking, and a playground. The Project offers 146 covered carport parking spaces (2 handicap) for a total of 146 off-street parking spaces. The Project is expected to take 12 months to complete. Construction is expected to commence in April 2020 and conclude in April 2021.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
71% (56 units) restricted to 50% or less of area median income households.
29% (23 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: \$ 34,429,115
Estimated Hard Costs per Unit: \$ 75,000 (\$6,000,000 /80 units including mgr. unit)
Estimated per Unit Cost: \$ 430,364 (\$34,429,115 /80 units including mgr. unit)
Allocation per Unit: \$ 203,750 (\$16,300,000 /80 units including mgr. unit)
Allocation per Restricted Rental Unit: \$ 206,329 (\$16,300,000 /79 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 16,300,000	\$ 16,300,000
Taxable Bond Proceeds	\$ 6,200,000	\$ 6,200,000
LIH Tax Credit Equity	\$ 7,775,953	\$ 9,148,180
Costs Deferred Until Conversion	\$ 405,000	\$ 405,000
Seller Carryback Loan	\$ 300,000	\$ 300,000
SBV Housing Developer, LLC	\$ 3,418,162	\$ 2,045,935
Acquired Project Reserves	\$ 30,000	\$ 30,000
Total Sources	\$ 34,429,115	\$ 34,429,115

Uses of Funds:	
Land Cost/Acquisition	\$ 19,500,000
Rehabilitation	\$ 6,360,000
Relocation	\$ 240,000
Contractor Overhead & Profit	\$ 480,000
Architectural Fees	\$ 170,000
Survey and Engineering	\$ 210,000
Construction Interest and Fees	\$ 1,706,872
Legal Fees	\$ 460,000
Reserves	\$ 494,902
Appraisal	\$ 6,500
Hard Cost Contingency	\$ 831,978
Other Project Costs	\$ 395,778
Developer Costs	\$ 3,573,085
Total Uses	\$ 34,429,115

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:

140 out of 150 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$16,300,000 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
Gross Rents	5	5	5
Large Family Units	5	5	5
Leveraging	10	10	10
Community Revitalization Area	5	5	5
Site Amenities	10	10	10
Service Amenities	10	10	10
New Construction or Substantial Renovation	10	10	10
Sustainable Building Methods	10	10	10
Forgone Eligible Developer Fee (Competitive Allocation Process Only)	10	10	10
Minimum Term of Restrictions (Competitive Allocation Process Only)	10	10	10
Negative Points (No Maximum)	0	0	0
Total Points	150	130	140