

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
December 21, 2020
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Ken Otrotsyuk

Applicant:	California Municipal Finance Authority
Allocation Amount Requested:	Tax-exempt: \$41,000,000
Project Information:	Name: Terracina at Lancaster Project Address: 1752 E. Ave. J4 Project City, County, Zip Code: Lancaster, Los Angeles, 93065
Project Sponsor Information:	Name: Lancaster 690, L.P. (USA Lancaster 690, Inc. & Riverside Charitable Corporation) Principals: Geoffrey C. Brown, Jonathan C. Harmer, Darren Bobrowsky, Valerie Silva, Jori Henry for USA Lancaster 690, Inc.; Kenneth Robertson, Craig Gillette, Stewart Hall, Trish Hockings, Penny LaRue, Xochiti Olivas for Riverside Charitable Corporation. Property Management Company: USA Multifamily Management, Inc.
Project Financing Information:	Bond Counsel: Jones Hall, A Professional Law Corporation 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: General New Construction Pool Total Number of Units: 264 Manager's Units: 4 Unrestricted Type: New Construction Population Served: Family

Terracina at Lancaster is a new construction project located in Lancaster on a 11.35-acre site. The project consists of 260 restricted rental units, 0 market rate units and 4 unrestricted managers' units. The project will have 84 one-bedroom units, 90 two-bedroom units, 66 three-bedroom units and 24 four-bedroom units. The 11 buildings will be 3 of stories and type VA wood frame construction with Post Tension Slab and each building will include 24 residential units. Common amenities include a tot lot play area with shade structure, picnic and barbecue areas with shade structures, an outdoor pool, sports courts with items such as basketball hoop with back wall, 4 square, hopscotch, tether ball, laundry facilities and club house with a large club room to be used for parties, media viewing, games and classes that includes a hospitality kitchen, resident computer area, and an after school resource room. Each unit will have a refrigerator/freezer, self-cleaning range/oven, heat pumps/AC, exterior venting hood fan, ceiling fans, window covering, dishwasher, private storage closet, balcony, easy-care vinyl plank flooring and hard surface countertops in kitchen and bathrooms. There are 533 parking spaces provided. Green features include a solar PV, recycled material insulation, mechanical ventilation for improved air quality, energy efficient interior and exterior lighting fixtures, water saving and low-flow devices in kitchens and baths, all Energy Star Rated appliances, engineered storm water management filtering system, water efficient landscape and irrigation design. The construction is expected to begin April 2021 and be completed in October 2023.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
30% (78 units) restricted to 50% or less of area median income households.
70% (182 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:	\$	80,056,764	
Estimated Hard Costs per Unit:	\$	154,183	(\$40,704,282 /264 units including mgr. units)
Estimated per Unit Cost:	\$	303,245	(\$80,056,764 /264 units including mgr. units)
Allocation per Unit:	\$	155,303	(\$41,000,000 /264 units including mgr. units)
Allocation per Restricted Rental Unit:	\$	157,692	(\$41,000,000 /260 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 41,000,000	\$ 41,000,000
Taxable Bond Proceeds	\$ 8,000,000	\$ 8,000,000
LIH Tax Credit Equity	\$ 21,382,251	\$ 26,312,218
Deferred Costs	\$ 9,674,513	\$ 0
Itemized Public Funds Sources	\$ 0	\$ 4,642,000
Net Income From Operations	\$ 0	\$ 102,546
Total Sources	\$ 80,056,764	\$ 80,056,764

Uses of Funds:	
Land Cost/Acquisition	\$ 3,177,785
Rehabilitation	\$ 0
Relocation	\$ 0
New Construction	\$ 43,959,072
Contractor Overhead & Profit	\$ 3,493,076
Architectural Fees	\$ 1,033,000
Survey and Engineering	\$ 619,518
Construction Interest and Fees	\$ 3,727,892
Permanent Financing	\$ 2,847,512
Legal Fees	\$ 0
Reserves	\$ 932,968
Appraisal	\$ 5,200
Hard Cost Contingency	\$ 3,276,155
Local Development Impact Fees	\$ 6,084,424
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 2,158,617
Developer Costs	\$ 8,741,545
Total Uses	\$ 80,056,764

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:

121.30 out of 145 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$41,000,000 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]	5.60
Large Family Units	5	5	5.00
Gross Rents	5	5	5.00
Leveraging	10	10	5.70
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	121.30