

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE

March 16, 2016

Staff Report

***REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT***

Prepared by: Richard Fischer

Applicant: California Municipal Finance Authority

Allocation Amount Requested:
Tax-exempt: \$16,400,000

Project Information:
Name: Buckingham Apartments (Scattered Site)
Project Address: 4076 August St., 4143 Buckingham Ave., 4050 Ursula Ave.,
3945 Gibraltar Ave.
Project City, County, Zip Code: Los Angeles, Los Angeles, 9008

Project Sponsor Information:
Name: Buckingham Venture, L.P. (Buckingham GP LLC & Pacific
Southwest Community Development Corporation)
Principals: Sydne Garchick for Buckingham GP LLC and Robert W. Laing
for Pacific Southwest Community Development Corporation.
Property Management Company: Apartment Management Consultants, LLC

Project Financing Information:
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Private Placement Purchaser: Jones Lang Lasalle (Freddie Mac)
TEFRA Noticing Date: January 15, 2016
TEFRA Adoption Date: February 10, 2016

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 83, plus 1 manager unit
Type: Acquisition and Rehabilitation
Type of Units: Family

Buckingham Apartments is an existing multi-site project covered under one project-based Section 8 HAP contract, targeted towards family tenants. The Project consists of two-story wood framed buildings with stucco exteriors and an overall flat topography. The buildings on August Street, Buckingham Avenue, and Gibraltar Avenue have a flat roof structure, while the building on Ursula Avenue has a hipped roof structure. There are a total of 84 units at the Project, including one manager's unit. The 83 income restricted units are comprised of 40 one-bedroom units averaging 744 square feet, 41 two-bedroom units averaging 866 square feet, and 2 three-bedroom units averaging 1,276 square feet. Unit features include refrigerator, gas oven/stove, ceiling fan, garbage disposal, and vertical window coverings. Common area features include laundry facilities, courtyards, perimeter fencing, a total of 67 covered/garage parking spaces, and an onsite management office located at the Ursula Avenue building.

Renovation of the project is expected to start June 1, 2016 and will last until approximately the beginning of March 2017. The scope of work will include rehabilitation of interiors, exteriors, and energy saving improvements. The interior rehabilitation will include installation of new Energy Star appliances, cabinetry and countertops, kitchen/bathroom flooring, carpets, Low-Flow or energy efficient fixtures, and smoke detectors. A fresh coat of paint will also be applied throughout the interior of the units. Exterior improvements will include asphalt paving/coating, landscaping and signage updates, common area amenity upgrades, fresh coat of exterior paint, system repairs and improvements to CCTV, new trash enclosures, and roof repairs/coating.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%

10% (8 units) restricted to 50% or less of area median income households.

90% (75 units) restricted to 60% or less of area median income households.

Unit Mix: 1, 2 & 3 bedrooms

The proposed project will not be providing service amenities.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$ 24,780,591	
Estimated Hard Costs per Unit:	\$ 43,733	(\$3,629,834 /83 units)
Estimated per Unit Cost:	\$ 298,561	(\$24,780,591 /83 units)
Allocation per Unit:	\$ 197,590	(\$16,400,000 /83 units)
Allocation per Restricted Rental Unit:	\$ 197,590	(\$16,400,000 /83 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 16,400,000	\$ 16,400,000
LIH Tax Credit Equity	\$ 7,773,885	\$ 7,773,884
Deferred Developer Fee	\$ 21,707	\$ 21,707
Cash flow during Const.	\$ 585,000	\$ 585,000
Total Sources	\$ 24,780,592	\$ 24,780,591

Uses of Funds:	
Land Cost/Acquisition	\$ 15,805,100
Rehabilitation	\$ 4,125,678
Architectural Fees	\$ 150,000
Permanent Financing	\$ 1,229,550
Legal Fees	\$ 295,000
Reserves	\$ 336,835
Appraisal	\$ 10,000
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 328,428
Developer Costs	\$ 2,500,000
Total Uses	\$ 24,780,591

Description of Financial Structure and Bond Issuance:

This is a California Municipal Finance Authority bond issuance with the Private Placement, Freddie Mac facilitating being funded by Jones, Lang, Lasalle. The loan term will be for 16 years, 35 years amortization with a fixed interest rate equal to the sum of the 10-year Treasury plus a spread of 2.14%, which at the time of application was 2.16% for an all in rate of 4.35%. The permanent financing is the same as the construction.

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: 55.5 out of 140
[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$16,400,000 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	25
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	0
Leveraging	10	10	0
Community Revitalization Area	5	5	0
Site Amenities	10	10	2.5
Service Amenities	10	10	0
New Construction or Substantial Renovation	10	10	10
Sustainable Building Methods	10	10	3
Forgone Eligible Developer Fee (Competitive Allocation Process Only)	10	10	0
Minimum Term of Restrictions (Competitive Allocation Process Only)	10	10	0
Negative Points (No Maximum)	-10	-10	0
Total Points	140	110	55.5

The criteria for which points are awarded will also be incorporated into the Resolution transferring Allocation to the Applicant as well as the appropriate bond documents and loan and finance agreements.