

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
September 21, 2016
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Richard Fischer

Applicant: California Statewide Communities Development Authority

Allocation Amount Requested: Tax-exempt: \$9,100,000

Project Information:

Name: Boyle Apts. & Jewel Terrace Apts. (Scattered Site)
Project Address: 427 S Boyle Avenue - 90003; 1420 W 27th St. - 90007; 1460 W 27th St. - 90007; 2950 Van Buren Pl. - 90007
Project City, County, Zip Code: Los Angeles, Los Angeles, See Address for Zip

Project Sponsor Information:

Name: Boyle Terrace Affordable Apartments, L.P. (IAHI-Terrace, LLC)
Principals: Marco Gomez and Juan Carlos Chavez for both entities.
Property Management Company: American Real Property Management, Inc.

Project Financing Information:

Bond Counsel: Kutak Rock LLP
Private Placement Purchaser: Jones Lang LaSalle Multifamily, LLC & Boyle Apartments
Public Sale: Not Applicable
Underwriter: Not Applicable
TEFRA Noticing Date: August 9, 2016
TEFRA Adoption Date: August 23, 2016

Description of Proposed Project:

State Ceiling Pool: General
Total Number of Units: 66, plus 1 manager unit
Type: Acquisition and Rehabilitation
Type of Units: Family

Boyle Heights Apartments was originally constructed in 1972 and Jewel Terrace Apartments were constructed between 1911 and 1939, but underwent a substantial rehabilitation with only the original studs remaining in 1974. Existing and/or planned unit amenities for Boyle Heights include blinds, carpeting, patio/balcony, ceiling fans, and a coat closet. Appliances include a stove/oven, garbage disposal, refrigerator, microwave and it is contemplated that where applicable, there is a desire to add washer/dryer hookups in those units where this can be accomplished. Existing and/or planned unit amenities for Jewel Terrace include blinds and carpeting. Appliances include a stove/oven, garbage disposal, refrigerator, microwave and it is contemplated that where applicable, there is a desire to add washer/dryer hookups in those units where this can be accomplished. The Solar photo-voltaic system is included with the purchase price of the property's and will be provided by the seller as part of the deal to acquire the subject property as a turn-key development. Start and Completion dates are March 2017 through March 2018, conditions permitting.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
20% (13 units) restricted to 50% or less of area median income households.
80% (53 units) restricted to 60% or less of area median income households.
Unit Mix: Studio, 1 & 2 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: \$ 16,783,933
Estimated Hard Costs per Unit: \$ 39,865 (\$2,631,112 /66 units)
Estimated per Unit Cost: \$ 250,506 (\$16,783,933 /67 units including mngr. units)
Allocation per Unit: \$ 137,879 (\$9,100,000 /66 units)
Allocation per Restricted Rental Unit: \$ 137,879 (\$9,100,000 /66 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds Tranche A	\$ 9,100,000	\$ 8,300,000
Tax-Exempt Bond Proceeds Tranche B	\$ 0	\$ 800,000
LIH Tax Credit Equity	\$ 2,020,716	\$ 6,102,464
Developer Equity	\$ 834,554	\$ 1,745,838
Deferred Developer Fee	\$ 2,000,000	\$ 0
Solar Financing	\$ 500,000	\$ 161,968
Seller Carryback Loan	\$ 3,655,000	\$ 1,000,000
Total Sources	\$ 18,110,270	\$ 18,110,270
Uses of Funds:		
Land Cost/Acquisition	\$ 9,480,000	
Rehabilitation	\$ 4,949,304	
Relocation	\$ 53,000	
Contractor Overhead	\$ 78,384	
Architectural Fees	\$ 105,000	
Survey and Engineering	\$ 9,550	
Construction Interest and Fees	\$ 517,180	
Permanent Financing	\$ 160,500	
Reserves	\$ 475,600	
Appraisal	\$ 10,000	
Contingency Cost	\$ 100,000	
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 127,655	
Developer Costs	\$ 2,044,097	
Total Uses	\$ 18,110,270	

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:

50 out of 140

[See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$9,100,000 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	30
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	5
Service Amenities	10	10	0
New Construction or Substantial Renovation	10	10	0
Sustainable Building Methods	10	10	10
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	120	50

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.