

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: Sarah Lester

Applicant: California Municipal Finance Authority

Allocation Amount Requested:
Tax-exempt: \$22,200,047

Project Information:
Name: Park Paseo Apartments
Project Address: 123 South Isabel Street
Project City, County, Zip Code: Glendale, Los Angeles, 91205

Project Sponsor Information:
Name: Park Paseo, LP (Park Paseo, LLC)
Principals: John H. Cochrane, Daniel S. Ogus, David L. Pierce and Benjamin F. Beckler
Property Management Company: be.group

Project Financing Information:
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Private Placement Purchaser: Citibank, N.A.
Public Sale: Not Applicable
Underwriter: Not Applicable
TEFRA Noticing Date: May 21, 2016
TEFRA Adoption Date: June 7, 2016

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 96, plus 2 manager units
Type: Acquisition and Rehabilitation
Type of Units: Senior Citizens

The proposed project is an existing eight story 98 unit affordable senior citizen and handicapped apartment complex located in the City of Glendale. It was constructed in 1985 under the HUD Section 202 program. All units include restricted rents which are affordable to seniors 62 years of age and older and handicapped individuals with incomes at or below 50% of area median. Residents pay 30% of their income towards rent. All units include project based Section 8 rental subsidy as provided by HUD. The project site is 0.86 acres in size, flat in topography and rectangular in shape. The building has 23 studio apartments (483 square feet in size), 73 one bedroom apartments, each measuring 600 square feet, and 2 manager units. The following building improvements will occur as part of the rehabilitation/improvement project: replacement of all elevator equipment components, and cab interiors, new heating, ventilating, air conditioning systems and domestic boilers, additional new secondary heating and air conditioning systems in key common areas, new roof membrane system, ADA and UFAS upgrades to address deficiencies related to code changes and upgraded ADA standards, energy efficiency upgrades, exterior painting, waterproofing, and balcony deck coating and new corridor ceiling finishes. Upon the completion of refinancing activities and capitalization of the project, it is intended that all proposed rehabilitation work will be completed within 18 months.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%

30% (29 units) restricted to 50% or less of area median income households.

70% (67 units) restricted to 60% or less of area median income households.

Unit Mix: Studio & 1 bedroom

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:	\$ 33,741,300	
Estimated Hard Costs per Unit:	\$ 41,118	(\$3,947,368 /96 units)
Estimated per Unit Cost:	\$ 344,299	(\$33,741,300 /98 units incl. manager units)
Allocation per Unit:	\$ 231,250	(\$22,200,047 /96 units)
Allocation per Restricted Rental Unit:	\$ 231,250	(\$22,200,047 /96 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 22,200,047	\$ 14,985,000
LIH Tax Credit Equity	\$ 961,400	\$ 9,612,807
Deferred Developer Fee	\$ 994,000	\$ 994,000
Deferred Costs	\$ 1,436,360	\$ 0
Seller Carryback Loan	\$ 6,670,175	\$ 6,670,175
GP Loan (Cash Reserves)	\$ 317,318	\$ 317,318
Net Income From Operations	\$ 1,162,000	\$ 1,162,000
Total Sources	\$ 33,741,300	\$ 33,741,300

Uses of Funds:	
Land Cost/Acquisition	\$ 22,300,000
Rehabilitation	\$ 3,947,368
Contractor Overhead & Profit	\$ 552,632
Architectural Fees	\$ 150,000
Survey and Engineering	\$ 50,000
Construction Interest and Fees	\$ 1,340,900
Permanent Financing	\$ 80,000
Legal Fees	\$ 195,000
Reserves	\$ 528,300
Appraisal	\$ 10,000
Contingency Cost	\$ 450,000
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 643,100
Developer Costs	\$ 3,494,000
Total Uses	\$ 33,741,300

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:

60 out of 140

[See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$22,200,047 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	0
Exceeding Minimum Income Restrictions:	35	15	35
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	10
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	0
Service Amenities	10	10	0
New Construction or Substantial Renovation	10	10	10
Sustainable Building Methods	10	10	0
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	60

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.