

**THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**  
**October 19, 2016**  
**Staff Report**  
**REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A**  
**QUALIFIED RESIDENTIAL RENTAL PROJECT**

*Prepared by: Richard Fischer*

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**Applicant:** California Municipal Finance Authority

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**Allocation Amount Requested:**  
**Tax-exempt:** \$23,870,859

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**Project Information:**  
**Name:** Culver City Rotary Plaza Apartments  
**Project Address:** 5100 Overland Avenue  
**Project City, County, Zip Code:** Culver City, Los Angeles, 90230

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**Project Sponsor Information:**  
**Name:** Culver City Housing Partners, L.P. (Culver City Housing LLC)  
**Principals:** Laverne R. Joseph for Culver City Housing, LLC  
**Property Management Company:** Foundation Property Management

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**Project Financing Information:**  
**Bond Counsel:** Jones Hall, A Professional Law Corporation  
**Private Placement Purchaser:** MUFG Union Bank, N.A.  
**Public Sale:** Not Applicable  
**Underwriter:** Not Applicable  
**TEFRA Noticing Date:** August 18, 2016  
**TEFRA Adoption Date:** September 12, 2016

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**Description of Proposed Project:**  
**State Ceiling Pool:** General  
**Total Number of Units:** 99, plus 1 manager unit  
**Type:** Acquisition and Rehabilitation  
**Type of Units:** Family

The Culver City Rotary Plaza is an income restricted community consisting of 100 units located at 5100 Overland Avenue, Culver City, CA 90230 (the Project). The unit mixture is twenty-five (25) studio residences (405 Sq Ft.), sixty four (64) one-bedroom residences (518 Sq Ft.) and eleven (11) one-bedroom residences that are handicap accessible (539 Sq. Ft). Built in 1985, the improvements sit on a 53,143 square foot site with surface area for twenty-six (26) parking spaces. The scope of rehabilitation includes, but is not limited to: repair to exterior sidewalks, fencing, stucco, exterior painting, and installation of new windows, handrails and lighting. The elevators, fire alarms, HVAC system and plumbing will be repaired/replaced as necessary. All units will be renovated with new appliances, cabinets, lighting, flooring, carpeting and plumbing fixtures in both kitchens and bathrooms. Construction is anticipated to begin in March of 2017 and be completed by June of 2018.

**Description of Public Benefits:**

**Percent of Restricted Rental Units in the Project:** 100%  
10% (10 units) restricted to 50% or less of area median income households.  
90% (89 units) restricted to 60% or less of area median income households.  
**Unit Mix:** Studio & 1 bedroom

The proposed project will be providing a bona fide service coordinator/ social worker with a minimum of 350 service hours per year.

**Term of Restrictions:**

**Income and Rent Restrictions:** 55 years

**Details of Project Financing:**

**Estimated Total Development Cost:** \$ 47,648,453  
**Estimated Hard Costs per Unit:** \$ 80,950 (\$8,014,090 /99 units)  
**Estimated per Unit Cost:** \$ 476,485 (\$47,648,453 /100 units including mgr. units)  
**Allocation per Unit:** \$ 241,120 (\$23,870,859 /99 units)  
**Allocation per Restricted Rental Unit:** \$ 241,120 (\$23,870,859 /99 restricted units)

| <b>Sources of Funds:</b>      | Construction         | Permanent            |
|-------------------------------|----------------------|----------------------|
| Tax-Exempt Bond Proceeds      | \$ 23,870,859        | \$ 20,587,952        |
| LIH Tax Credit Equity         | \$ 140,355           | \$ 14,036,939        |
| Developer Equity              | \$ 1,404             | \$ 0                 |
| Deferred Developer Fee        | \$ 1,875,000         | \$ 0                 |
| Deferred Costs                | \$ 560,834           | \$ 0                 |
| Seller Carryback Loan         | \$ 21,000,000        | \$ 12,823,562        |
| Acquired Replacement Reserves | \$ 200,000           | \$ 200,000           |
| <b>Total Sources</b>          | <b>\$ 47,648,452</b> | <b>\$ 47,648,453</b> |

| <b>Uses of Funds:</b>                             |                      |
|---|----------------------|
| Land Cost/Acquisition                             | \$ 28,900,000        |
| Rehabilitation                                    | \$ 9,174,840         |
| Relocation  | \$ 1,457,450         |
| Contractor Overhead                               | \$ 164,292           |
| Architectural Fees                                | \$ 475,000           |
| Survey and Engineering                            | \$ 20,000            |
| Construction Interest and Fees                    | \$ 1,976,712         |
| Permanent Financing                               | \$ 142,940           |
| Legal Fees  | \$ 260,000           |
| Reserves  | \$ 595,244           |
| Appraisal   | \$ 20,000            |
| Contingency Cost                                  | \$ 936,463           |
| Local Development Impact Fees                     | \$ 145,000           |
| Other Project Costs (Soft Costs, Marketing, etc.) | \$ 880,512           |
| Developer Costs                                   | \$ 2,500,000         |
| <b>Total Uses</b>                                 | <b>\$ 47,648,453</b> |

**Analyst Comments:**

None

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**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.

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**Total Points:**

50 out of 140

[See Attachment A]

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**Recommendation:**

Staff recommends that the Committee approves \$23,870,859 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   | 25            |
| Exceeding Minimum Rent Restrictions<br>[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   | 5             |
| Service Amenities  | 10   | 10   | 5             |
| New Construction or Substantial Renovation   | 10   | 10   | 0             |
| Sustainable Building Methods   | 10   | 10   | 0             |
| Forgone Eligible Developer Fee<br>(Competitive Allocation Process Only)                              | 10   | 10   | 0             |
| Minimum Term of Restrictions<br>(Competitive Allocation Process Only)                                | 10   | 10   | 0             |
| Negative Points (No Maximum)   | -10  | -10  | 0             |
| <b>Total Points</b>  | <b>140</b>   | <b>120</b>                                       | <b>50</b>     |

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.