

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
December 14, 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
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Allocation Amount Requested:	
Tax-exempt:	\$20,200,000

Project Information:	
Name:	Swansea Park Senior Apartments Phase 2
Project Address:	5151 W. Romaine Street
Project City, County, Zip Code:	Los Angeles, Los Angeles, 90029

Project Sponsor Information:	
Name:	To be formed, Limited Partnership (APEC International LLC; Swansea Development Corporation & Deep Green Housing and Community Development)
Principals:	Eugene Kim for APEC International LLC; Karen Bracher, Keely Hahn, Wynne Gross and Bynne Woo for Swansea Development Corporation; JoAnne Yokota, Sylvia Ruiz, Zoe Ellas, Adrian P. Cunje, Sheila Grisham, Clinton Rosemond and Monica Villacorta for Deep Green Housing and Community Development
Property Management Company:	FPI Management, Inc.

Project Financing Information:	
Bond Counsel:	Orrick, Herrington & Sutcliffe LLP
Private Placement Purchaser:	Bank of Hope
Public Sale:	Not Applicable
Underwriter:	Not Applicable
TEFRA Noticing Date:	October 28, 2016
TEFRA Adoption Date:	November 11, 2016

Description of Proposed Project:	
State Ceiling Pool:	General
Total Number of Units:	75, plus 1 manager unit
Type:	New Construction
Type of Units:	Senior Citizens

Swansea Park Senior Apartments-Phase 2 has been designed to provide quality of life for the tenants by maximizing light and air for the tenants. It will also benefit from design options that will be implemented into the building for sustainability and energy efficiency. The project is designed with a large open courtyard in the center ensuring and equal distribution to the residents of light and air. The four-story building maximizes density without overcrowding. The project will include the following: 76 apartment units, 10% of the units will have mobility features, 4% of the units will have communications features, Community Room (with a full kitchen, restrooms, and computer stations), Laundry room (with a minimum of 6 washers and 6 dryers), Elevator service to all upper floors, Management/Rental Office, Lobby Area, Sitting Lounges, Outside courtyard, A wireless high speed internet network that meets or exceeds TCAC standards, Secured parking, and Controlled access. The units will include one-bedroom units ranging from 550 square feet to 588 square feet; two-bedroom units ranging from 825 square feet to 847 square feet; and one 1226 square foot three-bedroom unit. All units will have garbage disposals, individually controlled central air conditioning/heating, and window coverings. Start Construction May 2017 with a Construction Completion date of October 2018.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
100% (75 units) restricted to 50% or less of area median income households.
 _____ (0 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: \$ 28,641,542
Estimated Hard Costs per Unit: \$ 172,988 (\$12,974,101 /75 units)
Estimated per Unit Cost: \$ 376,862 (\$28,641,542 /76 units including mgr. units)
Allocation per Unit: \$ 269,333 (\$20,200,000 /75 units)
Allocation per Restricted Rental Unit: \$ 269,333 (\$20,200,000 /75 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 20,200,000	\$ 7,822,571
LIH Tax Credit Equity	\$ 2,821,684	\$ 9,405,614
Deferred Developer Fee	\$	\$ 495,958
Deferred Costs	\$ 1,202,459	\$ 0
Seller Carryback Loan	\$ 896,960	\$ 896,960
Infrastructure Grant	\$ 3,520,440	\$ 3,520,440
MHP Housing Loan Program	\$ 0	\$ 6,500,000
Total Sources	\$ 28,641,543	\$ 28,641,543

Uses of Funds:	
Land Cost/Acquisition	\$ 6,850,400
Relocation	\$ 421,992
New Construction	\$ 13,361,624
Contractor Overhead & Profit	\$ 1,167,580
Architectural Fees	\$ 260,582
Survey and Engineering	\$ 539,418
Construction Interest and Fees	\$ 2,243,739
Permanent Financing	\$ 166,451
Legal Fees	\$ 130,000
Reserves	\$ 456,968
Appraisal	\$ 15,000
Contingency Cost	\$ 1,297,310
Local Development Impact Fees	\$ 47,019
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 483,460
Developer Costs	\$ 1,200,000
Total Uses	\$ 28,641,543

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: 75 out of 140

[See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$20,200,000 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]	10
Gross Rents	5	5	5
Large Family Units	5	5	0
Leveraging	10	10	10
Community Revitalization Area	5	5	0
Site Amenities	10	10	5
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	75

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.