

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
May 17, 2017
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Louise Eller

Applicant: California Municipal Finance Authority

Allocation Amount Requested:
Tax-exempt: \$15,000,000

Project Information:
Name: Beachwood Apartments (Scattered Site)
Project Address: 475 West 5th Street and 505 West 6th Street
Project City, County, Zip Code: Long Beach, Los Angeles, 90802

Project Sponsor Information:
Name: Century Beachwood Apartments, L.P. (CADI X, LLC)
Principals: Brian D'Andrea, Ronald M. Griffith, Steve Colman, Karen Bennett-Green, Serybrem Bass, Alan Hoffman and Beulah Ku for CADI X, LLC
Property Management Company: SK Management Company, LLC

Project Financing Information:
Bond Counsel: Quint & Thimmig LLP
Private Placement Purchaser: Citibank, N.A.
Cash Flow Permanent Bond: Not Applicable
Public Sale: Not Applicable
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Rating: Not Applicable
TEFRA Noticing Date: January 9, 2017
TEFRA Adoption Date: February 7, 2017

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 45
Manager's Units: 1 Unrestricted
Type: Acquisition and Rehabilitation
Population Served: Family/Special Needs

Beachwood Apartments is an existing project located in Long Beach on two sites with a combined size of 1.12 acres. The project consists of 44 rental units and 1 unrestricted manager unit. The project has 32 one-bedroom units and 12 two-bedroom units. The renovations will include building exterior/interior upgrades. Building renovations will consist of upgrades to mechanical and HVAC equipment and gas boilers. In addition, all windows will be replaced with a dual pane low-e type system. Interior renovations will include upgrades to the community room in the form of new flooring, paint, a new kitchen including appliances and a lounge seating area. Individual apartment units will be updated with new cabinets, countertops, flooring and bathroom upgrades. The rehabilitation is expected to begin in November 2017 and completed by September 2018.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
20% (9 units) restricted to 50% or less of area median income households.
80% (35 units) restricted to 60% or less of area median income households.
Unit Mix: 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:	\$ 19,293,790	
Estimated Hard Costs per Unit:	\$ 40,000	(\$1,800,000 /45 units including mgr. units)
Estimated per Unit Cost:	\$ 428,751	(\$19,293,790 /45 units including mgr. units)
Allocation per Unit:	\$ 333,333	(\$15,000,000 /45 units including mgr. units)
Allocation per Restricted Rental Unit:	\$ 340,909	(\$15,000,000 /44 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 15,000,000	\$ 7,102,000
LIH Tax Credit Equity	\$ 456,261	\$ 5,268,988
City of Long Beach HOME Loan	\$ 2,100,000	\$ 2,100,000
Deferred Developer Fee	\$ 0	\$ 437,000
Deferred Costs	\$ 1,586,990	\$ 0
Seller Carryback Loan	\$ 46,900	\$ 3,730,000
General Partner	\$ 100	\$ 100
Purchased Reserves	\$ 103,539	\$ 103,539
HOME Loan Accrued Interest	\$ 0	\$ 46,900
Net Income From Operations	\$ 0	\$ 505,263
Total Sources	<u>\$ 19,293,790</u>	<u>\$ 19,293,790</u>

Uses of Funds:	
Land Cost/Acquisition	\$ 12,885,000
Rehabilitation	\$ 1,944,000
Relocation	\$ 54,000
Contractor Overhead & Profit	\$ 152,640
Architectural Fees	\$ 113,000
Survey and Engineering	\$ 10,000
Construction Interest and Fees	\$ 1,107,100
Permanent Financing	\$ 55,250
Legal Fees	\$ 105,000
Reserves	\$ 194,166
Appraisal	\$ 7,500
Hard Cost Contingency	\$ 209,664
Other Project Costs	\$ 323,000
Developer Costs	\$ 2,133,470
Total Uses	<u>\$ 19,293,790</u>

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:

67 out of 140 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$15,000,000 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	Points Scored
Preservation Project	20	20	20
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	7
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	0
Forgone Eligible Developer Fee (Competitive Allocation Process Only)	10	10	N/A
Minimum Term of Restrictions (Competitive Allocation Process Only)	10	10	N/A
Negative Points (No Maximum)	-10	-10	0
Total Points	140	110	67

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.