

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
July 19, 2017
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Louise Eller

Applicant: California Public Finance Authority

Allocation Amount Requested: Tax-exempt: \$10,500,000

Project Information:
Name: Beautiful Light Inn Apartments
Project Address: 1365 N Waterman Avenue
Project City, County, Zip Code: San Bernardino, San Bernardino, 92404

Project Sponsor Information:
Name: BLI Affordable, LP (AHCDC BLI LLC and BLI ALP, LLC)
Principals: Joe Stalzer for AHCDC BLI LLC. Ken Reiner for BLI ALP, LLC
Property Management Company: Living Opportunities Management Company (LOMCO)

Project Financing Information:
Bond Counsel: Orrick, Herrington & Sutcliffe 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: May 24, 2017
TEFRA Adoption Date: June 13, 2017

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 100
Manager's Units: 1 Unrestricted
Type: Acquisition and Rehabilitation
Population Served: Senior Citizens

Beautiful Light Inn Apartments is an existing project located in San Bernardino on a 2.8-acre site. The project consists of 99 restricted rental units and 1 unrestricted manager unit. The project has 99 one-bedroom units and 1 two-bedroom unit. The renovations will include building exterior/interior upgrades. Building exterior renovations will consist of replacement of lighting, siding, stucco, paint, roofing, gutters/downspouts and signage. Interior renovations will include new energy efficient lighting, paint and signage. Individual apartment units will be updated with new cabinets, countertops, lighting, fixtures, hard-surface flooring and paint. In addition, each unit will receive new stoves and refrigerators and most will receive new split-system heating/cooling units. Lastly, common or site area renovations will consist of resealing and restriping the parking lot. In addition, all furnishings within the common areas of the building will be replaced and a computer learning center will be added within the community space. The rehabilitation is expected to begin in September 2017 and completed in June 2018.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
20% (20 units) restricted to 50% or less of area median income households.
80% (79 units) restricted to 60% or less of area median income households.
Unit Mix: 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: \$ 20,158,551
Estimated Hard Costs per Unit: \$ 43,038 (\$4,303,801 /100 units including mgr. units)
Estimated per Unit Cost: \$ 201,586 (\$20,158,551 /100 units including mgr. units)
Allocation per Unit: \$ 105,000 (\$10,500,000 /100 units including mgr. units)
Allocation per Restricted Rental Unit: \$ 106,061 (\$10,500,000 /99 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 10,500,000	\$ 10,500,000
LIH Tax Credit Equity	\$ 4,611,046	\$ 5,269,767
Deferred Developer Fee	\$ 14,871	\$ 14,871
Seller Carryback Loan	\$ 1,270,000	\$ 1,270,000
Purchased Reserves	\$ 3,103,913	\$ 3,103,913
Total Sources	\$ 19,499,830	\$ 20,158,551

Uses of Funds:	
Land Cost/Acquisition	\$ 11,847,938
Rehabilitation	\$ 4,036,046
Relocation	\$ 115,000
Contractor Overhead & Profit	\$ 267,752
Architectural Fees	\$ 70,000
Construction Interest and Fees	\$ 114,100
Permanent Financing	\$ 210,000
Legal Fees	\$ 190,000
Reserves	\$ 348,963
Appraisal	\$ 11,340
Hard Cost Contingency	\$ 393,686
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 492,354
Developer Costs	\$ 2,061,372
Total Uses	\$ 20,158,551

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:

62.5 out of 140 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$10,500,000 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	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	0
Community Revitalization Area	5	5	0
Site Amenities	10	10	7.5
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	62.5