

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
October 16, 2019
Staff Report
**REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT**

Prepared by: Isaac Clark III

Applicant:	California Municipal Finance Authority
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Allocation Amount Requested:	
Tax-exempt:	\$14,333,283

Project Information:	
Name:	PCH & Magnolia
Project Address:	460 W. Pacific Coast Highway
Project City, County, Zip Code:	Long Beach, Los Angeles, 90806

Project Sponsor Information:	
Name:	LINC-PCH, LP (LINC-PCH, LLC / Linc Housing Corporation)
Principals:	Rebecca Clark and Suny Lay Chang for LINC Housing Corporation
Property Management Company:	John Stewart Company

Project Financing Information:	
Bond Counsel:	Jones Hall, A Professional Law Corporation
Private Placement Purchaser:	Union Bank
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 28, 2019
TEFRA Adoption Date:	January 0, 1900

Description of Proposed Project:	
State Ceiling Pool:	General
Total Number of Units:	40
Manager's Units:	1 Unrestricted
Type:	New Construction
Population Served:	Family/Special Needs

PCH & Magnolia is a new construction project located in Long Beach on a 0.96-acre site. The project consists of 39 restricted rental units, 0 market rate units and 1 unrestricted manager unit. The project will have 39 one-bedroom units, 0 two-bedroom units and 0 three-bedroom units. The building will be a one four-story building with elevator access. The project will provide ample community room space, private offices, on-site laundry facilities, common outdoor space, and bicycle parking. All access points to the property will be secured by either gate or locked entry door. Each unit will have similar amenities, including finishes, and appliances, cabinetry. There are 20 parking spaces provided, including 2 ADA accessible spaces, located in a secured lot. The project will meet the Minimum Construction Standards of the California Tax Credit Allocation Committee. The property will incorporate Energy Star appliances, energy efficient lighting, and efficient plumbing and irrigation features. The construction is expected to begin in April 2020 and end November 2021.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
100% (39 units) restricted to 50% or less of area median income households.
0% (0 units) restricted to 60% or less of area median income households.
Unit Mix: 1 bedroom

The proposed project will not be receiving service amenity points.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost: \$ 25,479,338
Estimated Hard Costs per Unit: \$ 278,873 (\$11,154,910 /40 units including mgr. unit)
Estimated per Unit Cost: \$ 636,983 (\$25,479,338 /40 units including mgr. unit)
Allocation per Unit: \$ 358,332 (\$14,333,283 /40 units including mgr. unit)
Allocation per Restricted Rental Unit: \$ 367,520 (\$14,333,283 /39 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 14,333,283	\$ 4,235,000
Cash Flow Permanent Bonds	\$ 0	\$ 0
Tranche B Financing	\$ 0	\$ 0
Taxable Bond Proceeds	\$ 0	\$ 0
LP Tax Credit Equity	\$ 742,540	\$ 8,865,399
LBCIC	\$ 2,031,000	\$ 2,031,000
Deferred Developer Fee	\$ 850,399	\$ 850,399
LBCIC Accrued/Deferred Interest	\$ 55,387	\$ 55,387
LACDA	\$ 6,040,000	\$ 8,540,000
LACDA Accrued/Deferred Interest	\$ 254,053	\$ 254,053
AHP Loan	\$ 429,000	\$ 429,000
GP Contribution	\$ 100	\$ 100
Cost Deferred Until Conversion	\$ 524,576	\$ 0
LBCIC Impact Fee Exemption	\$ 219,000	\$ 219,000
Total Sources	\$ 25,479,338	\$ 25,479,338

Uses of Funds:	
Land Cost/Acquisition	\$ 2,785,000
Rehabilitation	\$ 0
Relocation	\$ 0
New Construction	\$ 13,003,489
Contractor Overhead & Profit	\$ 0
Architectural Fees	\$ 850,000
Survey and Engineering	\$ 545,000
Construction Interest and Fees	\$ 1,781,582
Permanent Financing	\$ 47,350
Legal Fees	\$ 140,000
Reserves	\$ 155,826
Appraisal	\$ 4,000
Hard Cost Contingency	\$ 1,109,328
Local Development Impact Fees	\$ 0
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 2,257,364
Developer Costs	\$ 2,800,399
Total Uses	\$ 25,479,338

Analyst Comments:

This project is considered a high cost per unit project. The developer fee of \$2,800,399 includes a deferred developer fee of \$850,399 which is included in the project to generate basis.

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 \$14,333,283 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]	10.00
Large Family Units	5	5	0.00
Leveraging	10	10	10.00
Community Revitalization Area	5	5	0.00
Site Amenities	10	10	10.00
Service Amenities	10	10	0.00
New Construction or Substantial Renovation	10	10	10.00
Sustainable Building Methods	10	10	0.00
Forgone Eligible Developer Fee (Competitive Allocation Process Only)	10	10	0.00
Minimum Term of Restrictions (Competitive Allocation Process Only)	10	10	0.00
Negative Points (No Maximum)	-10	-10	0.00
Total Points	140	120	75.00