

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
May 20, 2015
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Sarah Lester

Applicant: California Statewide Communities Development Authority

Allocation Amount Requested:
Tax-exempt: \$16,000,000

Project Information:
Name: St. Timothy's Tower and Manor Apartments
Project Address: 425 South Oleander Avenue & 415 South Oleander Avenue
Project City, County, Zip Code: Compton, Los Angeles, 90220

Project Sponsor Information:
Name: St. Timothy's Preservation, LP (St. Timothy's Tower and Manor, Inc.)
Principals: Matthew Love, Ronald Chatman and Germaine Love for St. Timothy's Tower and Manor, Inc.
Property Management Company: Solari Enterprises, Inc.

Project Financing Information:
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Private Placement Purchaser: BBCN Bank
TEFRA Adopted Date: March 3, 2015

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 133, plus 2 manager units
Type: Acquisition and Rehabilitation
Type of Units: Senior Citizens

The existing project site consists of St. Timothy's Tower located at 425 South Oleander Avenue, Compton. St. Timothy's Tower was built in 1971 and consists of 112 units of senior housing on eight floors. Additionally, the site contains the St. Timothy's Manor. St. Timothy's Manor was built in 1963 and consists of 21 units of single story, senior housing. The shape of the site is rectangular and the topography is flat. The site amenities include security gates and fencing; onsite parking; two community rooms; picnic areas; site management; laundry facilities; landscaping and trees. The unit configuration is as follows: St. Timothy's Tower has a mix of 91 studios and 21 one bedroom units. The St. Timothy's Manor has a mix of 17 studios and 4 one bedroom units. Unit amenities include a range, window blinds, refrigerator, garbage disposal, air conditioning and heating. The rehabilitation will be done with the tenants in place and will include upgrade for air conditioning and heating units, mechanical and electrical. Interior upgrades will include new kitchen and bathroom equipment, new cabinets, new kitchen surfaces, new flooring, paint and new window treatments. Exterior upgrades will include replacement of certain patio covers, widening of common area pathways, common area lighting, improvements to community areas, elevator cab improvements, parking area improvements and paint. The expected start date of rehabilitation is July 1, 2015 with an anticipated end date of January 1, 2016.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
41% (55 units) restricted to 50% or less of area median income households.
59% (78 units) restricted to 60% or less of area median income households.
Unit Mix: Studio & 1 bedroom

There will be no services amenities provided in the proposed project.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$ 22,028,365	
Estimated Hard Costs per Unit:	\$ 27,315	(\$3,632,859 /133 units)
Estimated per Unit Cost:	\$ 165,627	(\$22,028,365 /133 units)
Allocation per Unit:	\$ 120,301	(\$16,000,000 /133 units)
Allocation per Restricted Rental Unit:	\$ 120,301	(\$16,000,000 /133 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 16,000,000	\$ 9,403,000
Deferred Developer Fee	\$ 1,500,000	\$ 1,698,470
LIH Tax Credit Equity	\$ 1,778,365	\$ 7,371,492
Other (Seller Note)	\$ 2,750,000	\$ 2,750,000
Other (Existing Reserves & Const. Period Inc.)	\$ 0	\$ 805,403
Total Sources	\$ 22,028,365	\$ 22,028,365

Uses of Funds:	
Acquisition/Land Purchase	\$ 11,793,087
Hard Construction Costs	\$ 3,632,859
Architect & Engineering Fees	\$ 385,000
Contractor Overhead & Profit	\$ 274,178
Developer Fee	\$ 2,500,000
Relocation	\$ 162,000
Cost of Issuance	\$ 536,030
Capitalized Interest	\$ 704,000
Operating Reserves	\$ 538,516
Other Soft Costs	\$ 1,502,695
Total Uses	\$ 22,028,365

Description of Financial Structure and Bond Issuance:

The financial structure for the proposed project will be a private placement transaction provided by BBCN Bank (the "Bank") for both construction and permanent financing. During the construction phase, the loan interest only for a term of 24 months. The interest rate will be a 1% over Wall Street Prime with 4.75% floor rate. During the permanent financing phase, the loan term and amortization period will be for 35 years with one six-month extension option. The interest rate will be a 4.75% fixed rate with a 1.15 Debt Coverage Ratio. The bonds will be issued by the California Statewide Communities Development Authority.

Analyst Comments:

Not Applicable

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: 57.5 out of 130
[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$16,000,000 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 Projects	Points Scored
Federally Assisted At-Risk Project or HOPE VI Project	20	20	0
Exceeding Minimum Income Restrictions:	35	15	35
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Federally Assisted At-Risk Project or HOPE VI Project]	[10]	[10]	10
Gross Rents	5	5	5
Large Family Units	5	5	0
Leveraging	10	10	0
Community Revitalization Area	15	15	0
Site Amenities	10	10	7.5
Service Amenities	10	10	0
New Construction	10	10	0
Sustainable Building Methods	10	10	0
Negative Points	-10	-10	0
Total Points	130	100	57.5

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.