

California Commercial Investments (CCI)

Tom Lungin

Who we are and what we do?

- **We are out of Westlake Village just outside of Los Angeles.**
- **Started in 1990s.**
- **Affordable for past 11 Years.**
- **Went from 3 to over 200.**
- **We own and manage 46 properties with 4,500 Senior Project-Based Section 8 units and roughly 500 Market-Rate units in an additional 15 properties.**
- **Only 400 LIHTC units.**
- **Yield motivated.**
- **We have bought Pre and Post M2M, old 221d4, 236, deals with old NON-prepayable HFA debt.**

Financing

- Cash (fastest close)
- Problem with FHA cash out
- Bridge with an FHA takeout (fast)
- Assumption + cash (could and should be fast)
- Cash to a new FHA loan (not so fast)

What are we doing today?

- **Under contract: 5 deals in 5 States 3 new States and a total of 1,148 PBS8 units.**
- **800+ are PBS8 for the elderly.**
- **3 of these will be LIHTC executions with \$15-20K rehab per door.**
- **Dominos and Papa John Test**

Case Study: Fickett Tower

- **Key points about Fickett:**
- **First deal in the country to use the non profit sales proceeds memo and we actually pushed for its issuance.**
- **Allowed a nonprofit owner no longer interested in preservation to take proceeds and follow their mission while allowing us as the new owner to come in and preserve.**
- **15 offers (a little bit of competition).**



Fickett

- **We utilized a budget based rent increase for post rehab rents that went in to place once our rehab was completed. This methodology only existed for about ten months (and the process no longer exists today) so we really took advantage of being up to date on policy etc.**
- **• Worked with HUD office to do things that were ordinarily difficult and thus, really had a great relationship with HUD asset manager**

Fickett Financing

- **Conventional construction loan from Citi so that we could close on time and then we took it out with temp bonds for the construction (private placement) and now we are working on the permanent take out with FHA**
- **Went in for 4% bond/tax credits since we were already doing the rehab**
- **We kept the credits :-)**
- **Take out is FHA – trying to get a loan commitment any day (hopefully)**

Fickett Challenges

- **236 prepayment process**
- **• had to walk a very inexperienced, one off, Seller with HIGH expectations through the process and deliver on an aggressive purchase contract**
- **• got rid of a meals plan that was very unpopular with residents**
- **• tenant in place rehab to disrupt tenant lives as little as possible (3 days per unit and 3-4 units at a time)**
 - **• successful preservation deal that was win-win-win**

Fickett Rehab

158 Unit Full Renovation:

- Paint interior living areas including bath
- Refinish bathtub
- Create new cabinet pony wall
- Install new plumbing supply lines
- Install new cabinets
- Install new counter tops
- Install new GFCI as needed
- Install new sink
- Install new garbage disposal
- Install new vent hood
- Install new vinyl
- Install new commode
- Install new pedestal sink in bath
- Install and connect new faucets
- Install new shower head
- Install new water heater
- Install new refrigerator
- Install new range
- Install new microwave
- Install new carpet/base
- Install new light fixtures
- Install new smoke/carbon monoxide detectors in unit kitchens
- Install new emergency pull chords



Fickett Rehab continued...

● **42 Unit Partial Renovation, Scope and Conditions:**

- Install new range
- Install new microwave
- Install new refrigerator
- Install new commode
- Install new shower head
- Install new light fixtures
- Install new emergency pull chords
- Install new smoke/carbon monoxide detectors in unit kitchens

Building Systems:

- Remove and replace existing horizontal drain pipe on floors 1 and 2 as required
- Chiller
- Emergency Generator
- Common area renovation
- Common area hallway clean up (paint, flooring replacement as necessary)

Additional rehab not on scope

- Built a brand new gym
- Built two offices for two Service Coordinators
- Built a new business center
- Built a beauty salon
- We provide free WiFi for
- the whole building
- Redid landscaping
- Total of \$2,000,000 rehab



Iowa Repositioning

- **Iowa Properties: Rebranding older properties**
- **We bought 3 PBS8 elderly deals this year with a total of 224 units.**
- **100% HAP with 30% vacancy.**
- **We restaffed and renamed the properties. This turned the buildings around almost overnight.**
- **Warehousing 1 for LIHTC and going to cash flow 2 of them.**

Challenges

- Interest Rates (Fickett: 1% increase is \$144,000 of cash flow lost)
- Seller's Expectations
- Fierce Competition
- Closing HUD offices
- Broker's Numbers