

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
January 15, 2014
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Sarah Lester

Applicant: California Housing Finance Agency

Allocation Amount Requested:
Tax-exempt: \$6,700,000

Project Information:
Name: Regency Court Apartments
Project Address: 720 Fifth Avenue Court
Project City, County, Zip Code: Monrovia, Los Angeles, 91016-3176

Project Sponsor Information:
Name: Monrovia 612, LP (USA Monrovia 612, LP and Riverside Charitable Corporation)
Principals: Geoffrey C. Brown, Edward R. Herzog, Michael J. McCleery, Karen C. McCurdy, Darren Bobrowsky and Valerie Silva for USA Monrovia 612, LP; and Ken Robertson, Craig Gillett, Penny LaRue, Stewart Hall, Trisha Hockings and Gregg Rogers for Riverside Charitable Corporation
Property Management Company: USA Multifamily Management, Inc.

Project Financing Information:
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Underwriter: California Housing Finance Agency
Credit Enhancement Provider: US Department of Housing and Urban Development
Private Placement Purchaser: Not Applicable
TEFRA Hearing Date: November 7, 2013

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 114, plus 1 manager unit
Type: Acquisition and Rehabilitation
Type of Units: Senior Citizens

The proposed project is an existing 115-unit senior apartment community originally constructed in 1995. The project is located in the City of Monrovia on a former railroad easement. The topography of the site is generally flat and level. The total site is approximately 3.7 acres. The property is comprised of 16 two-story and four (4) one-story garden styled residential buildings with one 1,627 square foot clubhouse, and one building with leasing/management and social services offices. The remainder of the site has a swimming pool, spa, carports, paved parking areas, driveways, walkways and landscaped grounds. The targeted population will be senior households age 55 and older with household incomes ranging from 50% to 60% of the area median income for Los Angeles County. The scope of the rehabilitation will include significant renovation of individual units and common areas, building exteriors and site improvements. Rehabilitation is expected to begin in January 2014 and take place over 12 months.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%

50% (57 units) restricted to 50% or less of area median income households.

50% (57 units) restricted to 60% or less of area median income households.

Unit Mix: 1 & 2 bedrooms

The proposed project will include instructor-led educational, health and wellness or skill building classes for a minimum of 84 hours per year; and health and wellness services and programs for individualized support for tenants (not group classes) for a minimum of 100 hours per year.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$ 12,301,324	
Estimated Hard Costs per Unit:	\$ 24,866	(\$2,834,750 /114 units)
Estimated per Unit Cost:	\$ 107,906	(\$12,301,324 /114 units)
Allocation per Unit:	\$ 58,772	(\$6,700,000 /114 units)
Allocation per Restricted Rental Unit:	\$ 58,772	(\$6,700,000 /114 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 6,700,000	\$ 5,530,000
CalHFA Additional Financing Loan	\$ 320,000	\$ 670,000
Deferred Developer Fee	\$ 0	\$ 321,617
LIH Tax Credit Equity	\$ 2,056,450	\$ 4,001,847
Direct & Indirect Public Funds	\$ 894,636	\$ 894,636
Other (NOI during Construction)	\$ 133,224	\$ 133,224
Other (Seller Carryback Note)	\$ 750,000	\$ 750,000
Total Sources	\$ 10,854,310	\$ 12,301,324

Uses of Funds:	
Acquisition/Land Purchase	\$ 6,166,712
Hard Construction Costs	\$ 2,834,750
Architect & Engineering Fees	\$ 63,500
Contractor Overhead & Profit	\$ 226,778
Developer Fee	\$ 1,514,074
Cost of Issuance	\$ 114,580
Capitalized Interest	\$ 649,900
Other Soft Costs (Marketing, etc.)	\$ 731,030
Total Uses	\$ 12,301,324

Description of Financial Structure and Bond Issuance:

The proposed project will be a credit enhanced transaction provided by the California Housing Finance Agency (CalHFA) under a risk share agreement with the U.S. Department of Housing and Urban Development. The anticipated bond closing is scheduled for January 30, 2014. The term of the construction period is 24 months. During this period, the loan will be in the amount of \$6,700,000 with a 4.85% interest rate. At conversion, the permanent loan will be in the amount of \$5,530,000 at a 5.90% interest rate with a 40-year term and amortization period. In addition to the Bonds, permanent sources of funds for the project include tax equity of \$4,001,847, seller carryback financing in the amount of \$750,000, a subsidy loan in the amount of \$894,636 with the City of Los Angeles Community Development Commission, a deferred developer fee of \$321,614 and a soft loan in the amount of \$670,000 with CalHFA.

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: 57.6 out of 130

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$6,700,000 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]	2.6
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	5
Service Amenities	10	10	10
New Construction	10	10	0
Sustainable Building Methods	10	10	0
Negative Points	-10	-10	0
Total Points	130	100	57.6

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.