

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
May 15, 2013
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Richard Fischer

Applicant: City of Los Angeles

Allocation Amount Requested:
Tax-exempt: \$14,000,000

Project Information:
Name: Coral Wood Court Apartments
Project Address: 8025-8039 Reseda Boulevard
Project City, County, Zip Code: Los Angeles, Los Angeles, 91335

Project Sponsor Information:
Name: Coral Wood Court Community Partners, L.P. (AHDF-Coral Wood Court G/P, LLC [Affordable Housing Development Fund, Inc.] and Coral Wood Court G/P, L.L.C.)
Principals: Michael K. Moore, Saverio R. Burdi, Thomas M. Van Vleet and Jack K. Ahrens for Affordable housing Development Fund, Inc.; Wilfred N. Cooper Jr., Jennifer Elder Cooper, Kay L Cooper for Coral Wood Court G/P, L.L.C.
Property Management Company: Professional Property Management, LLC

Project Financing Information:
Bond Counsel: Kutak Rock LLP
Private Placement Purchaser: Citibank, N.A. (construction)/ Love Funding (perm), FHA 223(f)
TEFRA Hearing Date: April 9, 2013

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 105, plus 1 manager unit
Type: Acquisition and Rehabilitation
Type of Units: Family

According to the project sponsor, the Coral Wood Court Apartment is a family project located in the Reseda area of Los Angeles. The project consist of 106 units (28 one-bedroom 1 bath, 22 two-bedroom 1 bath, 50 two-bedroom 2 bath, and 6 three-bedroom 2 bath apartments) that were originally constructed in 1963 and renovated in 1996. The project site is 2.61 acres and there are two buildings, each two stories. There are 268 parking stalls located under the units with covered parking located in the rear of the property. The amenities located on-site include a leasing office, laundry facilities, children's playground, barbeque areas with picnic tables, two swimming pools, a fitness center, laundry facilities and gated access controlled parking.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
10% (11 units) restricted to 50% or less of area median income households.
90% (94 units) restricted to 60% or less of area median income households.
Unit Mix: 1, 2 & 3 bedrooms

There are no service amenities included.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$ 26,799,914	
Estimated Hard Costs per Unit:	\$ 26,094	(\$2,739,917 /105 units)
Estimated per Unit Cost:	\$ 255,237	(\$26,799,914 /105 units)
Allocation per Unit:	\$ 133,333	(\$14,000,000 /105 units)
Allocation per Restricted Rental Unit:	\$ 133,333	(\$14,000,000 /105 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 14,000,000	\$ 13,230,300
Developer Equity	\$ 2,500,000	\$ 1,591,647
LIH Tax Credit Equity	\$ 6,129,914	\$ 7,807,967
Capitalized Interest Paid from Operation	\$ 250,000	\$ 250,000
Other (Seller Note)	\$ 3,900,000	\$ 3,900,000
Total Sources	\$ 26,779,914	\$ 26,779,914

Uses of Funds:	
Acquisition/Land Purchase	\$ 18,500,000
On & Off Site Costs	\$ 0
Hard Construction Costs	\$ 2,739,917
Architect & Engineering Fees	\$ 44,500
Contractor Overhead & Profit	\$ 219,913
Developer Fee	\$ 2,500,000
Relocation	\$ 390,000
Cost of Issuance	\$ 63,503
Capitalized Interest	\$ 250,000
Other Soft Costs (Marketing, etc.)	\$ 2,072,081
Total Uses	\$ 26,779,914

Description of Financial Structure and Bond Issuance:

This is a FHA 223 (f) project with Citibank, N.A. providing the 24 month construction loan. The construction loan terms will bear a fixed interest rate calculated by adding a 0.35% spread to the 2 year MMD Index which is currently at 0.34% resulting in a rate of 0.69% based on current rates. This rate will be locked in at the time of closing. Perm financing will be provided by the Love Funding Corporation at 3.25% for a term of 35 years.

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: 60 out of 130

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$14,000,000 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	25
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	15
Site Amenities	10	10	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	60

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.