

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
March 16, 2016
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Brian Clark

Applicant: City of Los Angeles

Allocation Amount Requested:
Tax-exempt: \$24,475,000

Project Information:
Name: Vista del Mar Apartments
Project Address: 1002, 1016 & 1028 W. D St.; 307, 315 & 327 N. Wilmington Blvd.; 310, 322 & 340 N. Hawaiian Ave.; 1102, 1116 & 1130 W. D St.
Project City, County, Zip Code: Los Angeles, Los Angeles, 90744

Project Sponsor Information:
Name: New Dana Strand IV-B, LP (New Dana Strand IV-B AGP, LLC, New Dana Strand IV-A GP, LLC and Mercy Housing Calwest)
Principals: Robin Hughes, Rick Saperstein and Holly Benson for New Dana Strand IV-A GP, LLC and New Dana Strand IV-B MGP, LLC; Barbara Gualco, Chris Burckhardt, Doug Shoemaker, Vince Dodds, Joe Rosenblum and Amy Bayley for Mercy Housing Calwest.
Property Management Company: Abode Communities

Project Financing Information:
Bond Counsel: Kutak Rock, LLP
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Private Placement Purchaser: Union Bank of California, NA
TEFRA Noticing Date: January 14, 2016
TEFRA Adoption Date: February 12, 2016

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 87, plus 1 manager unit
Type: New Construction
Type of Units: Family

The Project will be located on four adjacent parcels totaling 2.58 acres. The Project, along with the scattered-site Camino del Mar Apartments Project, constitutes the fourth and final phase of the New Dana Strand Revitalization in Los Angeles. The Project, consisting of twelve residential buildings, 153 surface parking spaces and 96 bicycle spaces; will house 87 tenant units (12 one-bedroom units, 20 two-bedroom units and 55 three-bedroom units) and a single two-bedroom manager's unit. Unit amenities will include refrigerator, stove/oven, microwave dishwasher, A/C, carpeting, patio/balcony and storage closets. Community amenities will include on-site property management, community vegetable gardens, BBQ areas, resident resource center, laundry facilities, courtyards, tot lot and computer room. Construction is expected to begin in March 2016 and be completed in June 2017.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%

40% (35 units) restricted to 50% or less of area median income households.

60% (52 units) restricted to 60% or less of area median income households.

Unit Mix: 1, 2 & 3 bedrooms

The proposed project will not be providing service amenities.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$ 29,640,530	
Estimated Hard Costs per Unit:	\$ 163,390	(\$14,214,941 /87 units)
Estimated per Unit Cost:	\$ 340,696	(\$29,640,530 /87 units)
Allocation per Unit:	\$ 281,322	(\$24,475,000 /87 units)
Allocation per Restricted Rental Unit:	\$ 281,322	(\$24,475,000 /87 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 24,475,000	\$ 15,113,511
Capitalized Ground Lease	\$ 2,400,000	\$ 2,400,000
LIH Tax Credit Equity	\$ 1,167,000	\$ 12,126,919
Deferred Costs	\$ 1,598,430	\$ 0
General Partner Contribution	\$ 100	\$ 100
Total Sources	\$ 29,640,530	\$ 29,640,530

Uses of Funds:	
Land Cost/Acquisition	\$ 2,410,000
Predevelopment Interest/Holding Cost	\$ 40,000
New Construction	\$ 16,980,882
Development Impact Fees	\$ 280,847
Architectural Fees	\$ 1,160,827
Survey & Engineering Fees	\$ 500,000
Construction Interest & Fees	\$ 1,347,803
Permanent Financing	\$ 501,642
Legal Fees	\$ 264,000
Reserves	\$ 385,000
Appraisal	\$ 8,500
Contingency	\$ 1,507,567
Soft Cost Contingency	\$ 518,762
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 1,234,700
Developer Costs	\$ 2,500,000
Total Uses	\$ 29,640,530

Description of Financial Structure and Bond Issuance:

The bonds will be purchased as a private placement transaction by Union Bank of California, NA. During the construction financing phase the loan term will be for 24 months with a variable interest rate equal to 65% of the 1-month LIBOR plus a spread (with no floor). The underwritten rate for the construction phase financing is 3.42%. During the permanent financing phase, the loan term will be for 15 years with an amortization period of 35 years at a fixed indicative rate of 5.23%.

Analyst Comments:

None

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 approve \$24,475,000 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
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
Gross Rents	5	5	5
Large Family Units	5	5	5
Leveraging	10	10	0
Community Revitalization Area	5	5	0
Site Amenities	10	10	5
Service Amenities	10	10	0
New Construction or Substantial Renovation	10	10	10
Sustainable Building Methods	10	10	5
Forgone Eligible Developer Fee (Competitive Allocation Process Only)	10	10	0
Minimum Term of Restrictions (Competitive Allocation Process Only)	10	10	0
Negative Points (No Maximum)	-10	-10	0
Total Points	140	120	75

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.