

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE  
May 18, 2011  
Staff Report  
**REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A  
QUALIFIED RESIDENTIAL RENTAL PROJECT**

*Prepared by: Richard Fischer*

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**Applicant:** Housing Authority of the County of Los Angeles

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**Allocation Amount Requested:**  
**Tax-exempt:** \$11,974,000

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**Project Information:**  
**Name:** Terra Bella Apartments  
**Project Address:** 5720 Clara Street  
**Project City, County, Zip Code:** Bell Gardens, Los Angeles, 90201

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**Project Sponsor Information:**  
**Name:** Terra Bella, L.P. (Abode Communities and Abode Community Housing)  
**Principals:** Robin Hughes, Holly Benson and Rick Saperstein for both entities.

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**Project Financing Information:**  
**Bond Counsel:** Orrick, Herrington & Sutcliffe LLP  
**Private Placement Purchaser:** Citigroup Global Markets, Inc.  
**TEFRA Hearing Date:** February 8, 2011

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**Description of Proposed Project:**  
**State Ceiling Pool:** General  
**Total Number of Units:** 64, plus 1 manager unit  
**Type:** New Construction  
**Type of Units:** Senior Citizens

The Terra Bella senior apartments is a planned two and three story environmentally green building with 62 one-bedroom units and 2 two-bedroom units. The one bedroom units will about 540 square feet and the two-bedroom manager's unit will be about 750 square feet. In the middle of the project courtyard will be a free-standing community center with a community room that functions as an indoor community living room, learning environment with on-site computers capable of accessing the internet and a meeting area.

**Description of Public Benefits:**

**Percent of Restricted Rental Units in the Project:** 100%  
100% (64 units) restricted to 50% or less of area median income households.  
**Unit Mix:** 1 & 2 bedrooms

The project design specifies environmentally preferred products for the health of the residents. Project also includes 68 at grade parking spaces, private balconies or porches, a laundry room, on-site property management offices, numerous security features, additional tenant storage and community garden.

**Term of Restrictions:**

**Income and Rent Restrictions:** 55 years

**Details of Project Financing:**

<b>Estimated Total Development Cost:</b>	\$ 21,020,114	
<b>Estimated Hard Costs per Unit:</b>	\$ 161,031	(\$10,305,993 /64 units)
<b>Estimated per Unit Cost:</b>	\$ 328,439	(\$21,020,114 /64 units)
<b>Allocation per Unit:</b>	\$ 187,094	(\$11,974,000 /64 units)
<b>Allocation per Restricted Rental Unit:</b>	\$ 187,094	(\$11,974,000 /64 restricted units)

<b>Sources of Funds:</b>	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 11,974,000	\$ 4,463,900
Developer Equity	\$ 17,500	\$ 17,500
Deffered Developer Fee	\$ 1,269,897	\$ 1,269,897
LIH Tax Credit Equity	\$ 1,062,477	\$ 6,421,817
Direct & Indirect Public Funds	\$ 5,650,000	\$ 8,650,000
Other (Deferred Costs)	\$ 1,046,240	\$ 197,000
<b>Total Sources</b>	<b>\$ 21,020,114</b>	<b>\$ 21,020,114</b>
 <b>Uses of Funds:</b>		
Land Purchase	\$ 3,200,000	
On & Off Site Costs	\$ 924,293	
Hard Construction Costs	\$ 9,381,700	
Architect & Engineering Fees	\$ 1,136,589	
Contractor Overhead & Profit	\$ 492,567	
Developer Fee	\$ 2,019,897	
Cost of Issuance	\$ 365,483	
Capitalized Interest	\$ 599,897	
Other Soft Costs (Marketing, etc.)	\$ 2,899,688	
<b>Total Uses</b>	<b>\$ 21,020,114</b>	

**Description of Financial Structure and Bond Issuance:**

Citi Community Capital (Citi) has committed to purchase the construction period and permanent bonds directly for Terra Bella. The \$11,974,000 in construction period Bonds are anticipated to close on August 16, 2011. Upon conversion to permanent financing a portion of the construction bond proceeds will be redeemed from tax credit equity and additional financing from the County of Los Angeles and a permananet bond of \$4,463,900 will remain in place. The bonds will be secured by a first deed of trust; they will be recourse to the borrower during construction and non-recourse upon conversion.

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**Analyst Comments:**

Approxmiately 3 units are set aside for handicapped residents.

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**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.

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**Total Points:** 71.6 out of 118  
[See Attachment A]

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**Recommendation:**

Staff recommends that the Committee approve \$11,974,000 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]	4.1
Gross Rents	5	5	5
Large Family Units	5	5	0
Leveraging	10	10	10
Community Revitalization Area	15	15	0
Site Amenities	10	10	7.5
Service Amenities	10	10	0
New Construction	10	10	10
Sustainable Building Methods	8	8	0
Negative Points	-10	-10	0
<b>Total Points</b>	<b>118</b>	<b>98</b>	<b>71.6</b>

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.