

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
July 20, 2011
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Crystal Alvarez

Applicant: City of Los Angeles

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

Project Information:
Name: Samoa Avenue Apartments
Project Address: 10046-56 Samoa Avenue
Project City, County, Zip Code: Tujunga, Los Angeles, 91042

Project Sponsor Information:
Name: Samoa Avenue Housing, L.P. (Milare Housing Investor, Inc. and Housing Alternatives, Inc.)
Principals: Ali Milani and Ana Biglarian for Milare Housing Investor, Inc.; Elva L. Grant, Carmella Badalyan, Alice Castillo and Joe Rios for Housing Alternatives, Inc.
Property Management Company: Jordan Management Company

Project Financing Information:
Bond Counsel: Kutak Rock LLP
Underwriter: Citibank, N.A.
Credit Enhancement Provider: Citibank, N.A. / Freddie Mac
TEFRA Hearing Date: April 8, 2011

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 63, plus 1 manager unit
Type: New Construction
Type of Units: Family

The proposed project consists of 64 units and will be located on two currently vacant adjacent parcels. The design shall include a Recreation Room of approximately 2,000 SF, a computer/technology room, laundry facilities and off street parking in semi-subterranean parking garage.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
13% (8 units) restricted to 50% or less of area median income households.
87% (55 units) restricted to 60% or less of area median income households.
Unit Mix: 1, 2, 3 & 4 bedrooms

The project will have a solar system for all the units as well as the community room. This project has committed to providing high-speed internet service in each unit.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost: \$ 18,229,200
Estimated Hard Costs per Unit: \$ 151,144 (\$9,522,100 /63 units)
Estimated per Unit Cost: \$ 289,352 (\$18,229,200 /63 units)
Allocation per Unit: \$ 174,603 (\$11,000,000 /63 units)
Allocation per Restricted Rental Unit: \$ 174,603 (\$11,000,000 /63 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 11,000,000	\$ 10,000,000
Developer Equity	\$ 2,615,867	\$ 1,385,751
LIH Tax Credit Equity	\$ 4,613,333	\$ 6,068,449
GP Contribution	\$ 0	\$ 775,000
Total Sources	\$ 18,229,200	\$ 18,229,200
Uses of Funds:		
Land Purchase	\$ 2,800,000	
On & Off Site Costs	\$ 120,000	
Hard Construction Costs	\$ 9,402,100	
Architect & Engineering Fees	\$ 364,900	
Contractor Overhead & Profit	\$ 738,928	
Developer Fee	\$ 1,885,249	
Cost of Issuance	\$ 400,000	
Capitalized Interest	\$ 904,397	
Other Soft Costs (Marketing, etc.)	\$ 1,613,626	
Total Uses	\$ 18,229,200	

Description of Financial Structure and Bond Issuance:

Citibank has committed to Credit Enhance the bond proceeds through the Freddie Mac Targeted Affordable Housing for Tax-Exempt Bond Execution Program. The construction loan term will be for a period of 24 month with a 7% interest rate. The loan will convert to a permanent loan for 15 years and amortized for 35 years with a fixed rate of 5.5% .

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: 63.5 out of 118

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$11,000,000 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	26
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Federally Assisted At-Risk Project or HOPE VI Project]	[10]	[10]	0
Gross Rents	5	5	5
Large Family Units	5	5	5
Leveraging	10	10	0
Community Revitalization Area	15	15	0
Site Amenities	10	10	7.5
Service Amenities	10	10	5
New Construction	10	10	10
Sustainable Building Methods	8	8	5
Negative Points	-10	-10	0
Total Points	118	98	63.5

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.