

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: \$7,000,000

Project Information:
Name: Oakridge Family Homes
Project Address: 15455 Glenoaks Boulevard
Project City, County, Zip Code: Los Angeles, Los Angeles, 91342

Project Sponsor Information:
Name: Los Angeles Housing Partnership (Los Angeles Housing Partnership, Inc.)
Principals: Mary Silverstein, Marva Smith Battle-Bey, Kerry Doi, Richard Terbell and Louis J. Bernardy
Property Management Company: FPI Management, Inc.

Project Financing Information:
Bond Counsel: Kutak Rock LLP
Private Placement Purchaser: Wells Fargo Bank, N.A. (Construction)/ California Community Reinvestment Corporation (Permanent)
TEFRA Hearing Date: April 27, 2011

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 59, plus 1 manager unit
Type: New Construction
Type of Units: Family

The project consists of 60 new manufactured homes within the existing Oakridge Mobile Home Park. The park is currently occupied by 265 single-family residential, manufactured homes for residential community use. The well landscaped Park is accessible via a 24-hour manned entry gate followed by asphalt paved streets and cement-paved walkways that weave their way to free standing homes. The park residents have free of charge access to the new 16,000 square foot community club house and recreations center. The facility features tennis courts, a swimming pool, two spas, a gym and dog park.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
10% (6 units) restricted to 50% or less of area median income households.
90% (53 units) restricted to 60% or less of area median income households.
Unit Mix: 2 & 3 bedrooms

The target population are low income large families with a special effort to market to those affected by the Sayre Wildfire Disaster of 2008.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

| | | | |
|---|----|------------|------------------------------------|
| Estimated Total Development Cost: | \$ | 12,684,608 | |
| Estimated Hard Costs per Unit: | \$ | 141,992 | (\$8,377,500 /59 units) |
| Estimated per Unit Cost: | \$ | 214,993 | (\$12,684,608 /59 units) |
| Allocation per Unit: | \$ | 118,644 | (\$7,000,000 /59 units) |
| Allocation per Restricted Rental Unit: | \$ | 118,644 | (\$7,000,000 /59 restricted units) |

| Sources of Funds: | Construction | Permanent |
|--------------------------------|----------------------|----------------------|
| Tax-Exempt Bond Proceeds | \$ 7,000,000 | \$ 1,959,000 |
| Developer Equity | \$ 100 | \$ 100 |
| Deferred Developer Fee | \$ 1,430,074 | \$ 1,136,620 |
| LIH Tax Credit Equity | \$ 651,000 | \$ 4,338,888 |
| Direct & Indirect Public Funds | \$ 3,603,434 | \$ 5,250,000 |
| Total Sources | \$ 12,684,608 | \$ 12,684,608 |

| Uses of Funds: | |
|------------------------------------|----------------------|
| Land Purchase | \$ 1,800,000 |
| On & Off Site Costs | \$ 237,000 |
| Hard Construction Costs | \$ 8,140,500 |
| Contractor Overhead & Profit | \$ 33,000 |
| Developer Fee | \$ 1,335,200 |
| Cost of Issuance | \$ 275,550 |
| Capitalized Interest | \$ 245,600 |
| Other Soft Costs (Marketing, etc.) | \$ 617,758 |
| Total Uses | \$ 12,684,608 |

Description of Financial Structure and Bond Issuance:

The bonds will be privately placed with Wells Fargo Bank then sold to California Community Reinvestment Corporation (CCRC). During Construction the bonds will carry a variable interest rate based on the 30-day LIBOR index for 12 months. CCRC will purchase the outstanding bonds from Wells Fargo Bank for a term of 17 years with a fixed rate at or below AAA muni + 175 bps. In addition to the tax-exempt bonds and tax credits, the project has received funding from the Disaster Relief Initiative program.

Analyst Comments:

The 60 affordable manufactured homes will help rebuild a devastated area, where uninsured families were left homeless.

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: 60.5 out of 118

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$7,000,000 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 | 5 |
| Leveraging | 10 | 10 | 0 |
| Community Revitalization Area | 15 | 15 | 0 |
| Site Amenities | 10 | 10 | 2.5 |
| Service Amenities | 10 | 10 | 0 |
| New Construction | 10 | 10 | 10 |
| Sustainable Building Methods | 8 | 8 | 3 |
| Negative Points | -10 | -10 | 0 |
| Total Points | 118 | 98 | 60.5 |

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.