

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
September 28, 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 Inc.
Principals: Marva Smith Battle-Bey, Kerry Doi and Mary Silverstein
Property Management Company: FPI Management, Inc.

Project Financing Information:
Bond Counsel: Kutak Rock LLP
Private Placement Purchaser: Wells Fargo 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:	\$	12,528,585	
Estimated Hard Costs per Unit:	\$	134,076	(\$7,910,500 /59 units)
Estimated per Unit Cost:	\$	212,349	(\$12,528,585 /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	\$ 2,800,000
LIH Tax Credit Equity	\$ 400,000	\$ 4,453,585
Direct & Indirect Public Funds	\$ 4,050,000	\$ 5,100,000
Other (deferred costs)	\$ 1,078,585	\$ 175,000
Total Sources	\$ 12,528,585	\$ 12,528,585

Uses of Funds:	
Land Purchase	\$ 1,800,000
On & Off Site Costs	\$ 237,000
Hard Construction Costs	\$ 7,673,500
Contractor Overhead & Profit	\$ 500,000
Developer Fee	\$ 1,335,200
Cost of Issuance	\$ 275,550
Capitalized Interest	\$ 245,600
Other Soft Costs (Marketing, etc.)	\$ 461,735
Total Uses	\$ 12,528,585

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 plus spread 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 Oakridge low-income rentals may be subject to conversion to low-income homeownership at the end of the 15-year tax credit compliance period. Each of Oakridge's tenants shall have an exclusive right of refusal to purchase their respective unit. No involuntary relocation of Oakridge residents will be triggered as a result of the projects conversion to homeownership status.

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.