

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: Sarah Lester

Applicant: Housing Authority of the County of Los Angeles

Allocation Amount Requested:
Tax-exempt: \$9,000,000

Project Information:
Name: San Fernando Community Housing Apartments
Project Address: 131 Park Avenue
Project City, County, Zip Code: San Fernando, Los Angeles, 91340

Project Sponsor Information:
Name: San Fernando Community Housing, LP (San Fernando SMHC, LLC and Brookmore Apartment Corporation)
Principals: Severyn I. Aszkenazy, Martha Diaz Aszkenazy, Cesar Cano and Lisa Cano for San Fernando SMHC, LLC; Howard Hudson, Chris Jones, Marlin Plejdrup and Roy Haugen for Brookmore Apartment Corporation
Property Management Company: Aszkenazy Development, Inc. (Property Management Division)

Project Financing Information:
Bond Counsel: Kutak Rock LLP
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Private Placement Purchaser: Citibank, N.A.
TEFRA Hearing Date: July 5, 2011

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 61, plus 1 manager unit
Type: New Construction
Type of Units: Family/Special Needs

The proposed Project is a 62 unit four-story building with parking and lobby on the first floor. Twenty-two of these units will be special needs units. Of the 62 units, 61 will be restricted to households with incomes no greater than 60% of the area median income and one unit will be a manager's units. All of the units will be 1-bedroom units at 547 square feet. The building will be designed as a courtyard oriented complex with a community room, fitness room, spa and edible garden. It will be designed for a mixed population of workforce housing and homeless households. Construction is expected to start December 1, 2011 and completed December 1, 2012.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
49% (30 units) restricted to 50% or less of area median income households.
51% (31 units) restricted to 60% or less of area median income households.
Unit Mix: 1 bedroom

There will be no service amenities provided.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$	14,302,452	
Estimated Hard Costs per Unit:	\$	116,032	(\$7,077,938 /61 units)
Estimated per Unit Cost:	\$	234,466	(\$14,302,452 /61 units)
Allocation per Unit:	\$	147,541	(\$9,000,000 /61 units)
Allocation per Restricted Rental Unit:	\$	147,541	(\$9,000,000 /61 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 9,000,000	\$ 3,137,426
Deferred Developer Fee	\$ 881,097	\$ 482,930
LIH Tax Credit Equity	\$ 458,609	\$ 4,738,553
Direct & Indirect Public Funds	\$ 2,404,586	\$ 4,569,155
Other (carryback loan)	\$ 1,558,161	\$ 1,374,388
Total Sources	\$ 14,302,453	\$ 14,302,452

Uses of Funds:	
Land Purchase	\$ 2,000,000
Hard Construction Costs	\$ 7,077,938
Architect & Engineering Fees	\$ 215,180
Contractor Overhead & Profit	\$ 488,744
Developer Fee	\$ 1,490,930
Cost of Issuance	\$ 264,300
Other Soft Costs	\$ 2,765,360
Total Uses	\$ 14,302,452

Description of Financial Structure and Bond Issuance:

The financial structure will be a Private Placement transaction through Citibank, N.A. The project will be financed using tax-exempt bonds, low income housing tax credit equity and deferred developer fee. The tax-exempt bonds will be issued by the Housing Authority of the County of Los Angeles. Citibank will make a construction loan in the amount of \$9,000,000 with a two year term. The construction loan will be payable on an interest only basis at a variable rate of the SIFMA plus 350 basis points. Upon completion and stabilization, the construction loan will convert to two permanent amortized loans, which will be held by CITI. The Tranche A loan in the amount of \$2,011,643 will have a 30 year amortization period, with interest rates fixed for 15 years. The Tranche B loan in the amount of \$1,125,783 will have a 15 year amortization period. The projected interest rate on the permanent loans is 6%.

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: 72.6 out of 118

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$9,000,000 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	35
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Federally Assisted At-Risk Project or HOPE VI Project]	[10]	[10]	2.6
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	10
Service Amenities	10	10	0
New Construction	10	10	10
Sustainable Building Methods	8	8	0
Negative Points	-10	-10	0
Total Points	118	98	72.6

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.