

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
December 14, 2011
Staff Report
*REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT*

Prepared by: Sarah Lester

Applicant: City of Los Angeles

Allocation Amount Requested:
Tax-exempt: \$7,479,629

Project Information:
Name: Broadway Villas Apartments
Project Address: 9425 S. Spring Street (formerly 9402-9422 S. Broadway)
Project City, County, Zip Code: Los Angeles, Los Angeles, 90003

Project Sponsor Information:
Name: AMCAL Multi-Housing, Inc. (Foundation for Affordable Housing II, Inc.)
Principals: Percival Vaz, Arjun Nagarkatti and Luxmi Vaz for AMCAL Multi-Housing, Inc.; Thomas Willard and Deborrah Willard for Foundation for Affordable Housing II, Inc.
Property Management Company: FPI Management

Project Financing Information:
Bond Counsel: Kutak Rock, LLP
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Private Placement Purchaser: U.S. Bank
TEFRA Hearing Date: February 4, 2011

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 48, plus 1 manager unit
Type: New Construction
Type of Units: Senior Citizens

The proposed project is a new construction senior apartment complex located on approximately 1.00 acre. It is located in the City of Los Angeles and will consist of a total of 49 units, 48 will be restricted to seniors with household incomes at or below 50% of the area median income and 1 unit will be designated as a manager unit. The complex will be a three-story elevator serviced building. The proposed project will also include a 1,400 square foot community room. Construction is estimated to begin in December of 2012 and will be completed by February 2013.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
100% (48 units) restricted to 50% or less of area median income households.
Unit Mix: 1 & 2 bedrooms

The proposed project will include educational classes and contract for services as service amenities.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$ 13,452,553	
Estimated Hard Costs per Unit:	\$ 145,224	(\$6,970,765 /48 units)
Estimated per Unit Cost:	\$ 280,262	(\$13,452,553 /48 units)
Allocation per Unit:	\$ 155,826	(\$7,479,629 /48 units)
Allocation per Restricted Rental Unit:	\$ 155,826	(\$7,479,629 /48 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 7,479,629	\$ 1,272,114
LIH Tax Credit Equity	\$ 672,924	\$ 4,486,159
Direct & Indirect Public Funds	\$ 5,300,000	\$ 7,694,280
Total Sources	\$ 13,452,553	\$ 13,452,553

Uses of Funds:	
Land Purchase	\$ 1,405,923
On & Off Site Costs	\$ 1,320,000
Hard Construction Costs	\$ 5,650,765
Architect & Engineering Fees	\$ 1,025,000
Contractor Overhead & Profit	\$ 507,837
Developer Fee	\$ 1,426,915
Cost of Issuance	\$ 442,969
Capitalized Interest	\$ 230,934
Other Soft Costs (Marketing, etc.)	\$ 1,442,210
Total Uses	\$ 13,452,553

Description of Financial Structure and Bond Issuance:

The financing for the Broadway Villas development is structured using a private placement of tax-exempt bonds issued by the Los Angeles Housing Department (City of Los Angeles). U.S. Bank will purchase the bonds with the proceeds to be used to finance the construction and permanent mortgage for the development. The proceeds will be made available on a draw down basis. The tax-exempt bonds totaling \$7,479,626 will be categorized into two tranches: Tranche A of \$1,272,114 represents the long term portion of the debt and Tranche B of \$6,207,515 represents the additional funds that are required during construction. Tranche B will be paid off at permanent conversion with tax credit equity and other soft funding. The construction period will be 24 months, plus one 6-month extension. The interest rate during construction will be a variable rate 30-Day LIBOR plus 150 bps reset monthly, on the first business day of each month, plus 30 bps liquidity charge, adjusted by tax exempt factor. The interest rate during the permanent phase will be a fixed rate based upon the applicable U.S. Bank CIP rate for a 17-year term loan (30-Year amortized) adjusted by tax exempt factor plus 175 basis points. The rate will be fixed at closing. The term of the loan will be 17 years and amortized for 30 years.

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: 88 out of 118
[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$7,479,629 in tax exempt bond allocation on a carryforward basis.

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]	0
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	10
New Construction	10	10	10
Sustainable Building Methods	8	8	8
Negative Points	-10	-10	0
Total Points	118	98	88

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.