

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
January 18, 2012
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: \$15,500,000

Project Information:
Name: Fickett Tower Apartments
Project Address: 14801 Sherman Way
Project City, County, Zip Code: Los Angeles, Los Angeles, 91405

Project Sponsor Information:
Name: Camino Mercado Partners, L.P. (California Commercial Investment Company, LLC. and AOF/Pacific Affordable Housing Corporation)
Principals: Raman Nayar, Kathy Walker, Philip Kennedy and Steve Jones for AOF/Pacific Affordable Housing Corporation and California Commercial Investment Company, LLC
Property Management Company: California Commercial Investment Group, Inc.

Project Financing Information:
Bond Counsel: Kutak Rock LLP
Private Placement Purchaser: Citibank, N.A.
TEFRA Hearing Date: December 14, 2011

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 197, plus 3 manager units
Type: Acquisition and Rehabilitation
Type of Units: Senior Citizens/Federally Assisted At-Risk

Fickett Tower is a 200-unit affordable studio and one-bedroom senior apartment community located in the Van Nuys area of Los Angeles. It is a 12-story concrete reinforced building sited diagonally on a rectangular-shaped 2.14 acre parcel. It is located on the north side of Sherman Way between Kester Avenue and Van Nuys Boulevard. Rehabilitation work on the project will occur in two phases. The first phase is anticipated to start following closing. The initial work will take approximately 4 months and will address critically needed repairs related to safety such as replacing, updating, or upgrading of GCFIs, fire hoses and alarm systems, smoke detectors, generators, and certain areas of carpeting. Substantial in-unit work will include replacing and/or rehabilitating cabinets, vanities, countertops, flooring, energy efficient ranges/stoves, the addition of microwaves, and energy efficient refrigerators. Roofs will be replaced and windows will be replaced as the budget allows.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 99%
31% (61 units) restricted to 50% or less of area median income households.
68% (134 units) restricted to 60% or less of area median income households.
Unit Mix: Studio & 1 bedroom

The project sponsor has committed to providing high-speed internet service in each unit and contract for services for a period of 10 years.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

| | | |
|---|---------------|--------------------------------------|
| Estimated Total Development Cost: | \$ 21,445,478 | |
| Estimated Hard Costs per Unit: | \$ 10,152 | (\$2,000,000 /197 units) |
| Estimated per Unit Cost: | \$ 108,860 | (\$21,445,478 /197 units) |
| Allocation per Unit: | \$ 78,680 | (\$15,500,000 /197 units) |
| Allocation per Restricted Rental Unit: | \$ 78,680 | (\$15,500,000 /195 restricted units) |

| Sources of Funds: | Construction | Permanent |
|---------------------------|----------------------|----------------------|
| Tax-Exempt Bond Proceeds | \$ 15,500,000 | \$ 15,500,000 |
| Rehab. Period Holdbacks | \$ 1,295,055 | \$ 0 |
| Deferred Developer Fee | \$ 0 | \$ 223,708 |
| LIH Tax Credit Equity | \$ 4,294,779 | \$ 5,366,126 |
| Cash Flow From Operations | \$ 355,644 | \$ 355,644 |
| Total Sources | \$ 21,445,478 | \$ 21,445,478 |

| Uses of Funds: | |
|------------------------------------|----------------------|
| Acquisition Cost | \$ 15,550,000 |
| Rehabilitation Costs | \$ 2,000,000 |
| Contractor Overhead & Profit | \$ 310,640 |
| Developer Fee | \$ 1,189,998 |
| Cost of Issuance | \$ 755,000 |
| Capitalized Interest | \$ 521,661 |
| Other Soft Costs (Marketing, etc.) | \$ 1,118,179 |
| Total Uses | \$ 21,445,478 |

Description of Financial Structure and Bond

Citibank, N.A. will be the private placement purchaser of the tax-exempt bonds. The construction term loan will carry a variable rate of SIFMA plus a margin of 3.75% which at the time of application was 3.96%, including a 5bps servicing fee for a period of 24 months. Upon conversion the permanent loan will carry a fixed rate equal to the sum of the 17 year maturity "AAA" bond rates as published by the Thompson Municipal Market Monitor ("MMD") plus a spread of 2.00%. At the time of application MMD was 2.90% for a indicate rate of 5.25%. The rate includes a 5bps servicing fee. The term of the permanent loan will be for a period of 15 years with an amortization of 35 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: 62.5 out of 128
[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$15,500,000 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 | 10 |
| 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 | 0 |
| Community Revitalization Area | 15 | 15 | 0 |
| Site Amenities | 10 | 10 | 2.5 |
| Service Amenities | 10 | 10 | 10 |
| New Construction | 10 | 10 | 0 |
| Sustainable Building Methods | 8 | 8 | 0 |
| Negative Points | -10 | -10 | 0 |
| Total Points | 128 | 108 | 62.5 |

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.