

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
December 12, 2012
Staff Report
*REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT*

Prepared by: Richard Fischer

Applicant: City of Los Angeles

Allocation Amount Requested:
Tax-exempt: \$7,000,000

Project Information:
Name: Moonlight Villas Apartments
Project Address: 12381 Osborne Street
Project City, County, Zip Code: Los Angeles, Los Angeles, 91331

Project Sponsor Information:
Name: Moonlight Villas, L.P. (Los Angeles Housing Partnership, Inc. and Abbey Road, Inc.)
Principals: Andre Perry, Greg Santilli, Ryan Mendoza, Charles Kim for Los Angeles Housing Partnership, Inc. and Ivelise Markovits, Bernard La Fianza and Jonathan Dilworth for Abbey Road, Inc.
Property Management Company: Community Housing Management Services

Project Financing Information:
Bond Counsel: Kutak Rock LLP
Credit Enhancement Provider: Not Applicable
Private Placement Purchaser: Wells Fargo Bank, N.A for Construction and California Community Reinvestment Corporation for Permanent
TEFRA Hearing Date: November 9, 2012

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 26, plus 1 manager unit
Type: New Construction
Type of Units: Family/Special Needs

Moonlight Villas will be a 27 unit low income housing project for families. The development will consist of 12 one-bedroom units, 12 two bedroom units and 3 three bedroom units, a community room with private offices for management and a services coordinator, 27 subterranean parking spots and outdoor activity spaces. The project will have 50% of the units set aside for homeless youths and the other units will be for very low income families.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
100% (26 units) restricted to 50% or less of area median income households.
Unit Mix: 1, 2 & 3 bedrooms

No service amenities.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$ 11,796,200	
Estimated Hard Costs per Unit:	\$ 227,334	(\$5,910,675 /26 units)
Estimated per Unit Cost:	\$ 453,700	(\$11,796,200 /26 units)
Allocation per Unit:	\$ 269,231	(\$7,000,000 /26 units)
Allocation per Restricted Rental Unit:	\$ 269,231	(\$7,000,000 /26 restricted units)

The Project has total project costs that appear high for the geographic area in which it is located. According to the Project sponsor, the high cost is due to Unique Site Limitations: Topography, Massing, Subterranean Garage, Unrealized Economic Scale, Unique Reserve Requirements and Unique Planning Requirements.

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 7,000,000	\$ 1,297,986
Deferred Developer Fee	\$ 0	\$ 504,000
LIH Tax Credit Equity	\$ 644,298	\$ 4,415,801
Direct & Indirect Public Funds	\$ 2,777,924	\$ 5,578,413
Other (Deferred Costs during Constr.)	\$ 1,373,978	\$ 0
Total Sources	\$ 11,796,200	\$ 11,796,200

Uses of Funds:	
Acquisition/Land Purchase	\$ 304,950
New Construction Costs	\$ 7,026,663
Architectural	\$ 361,500
Survey & Engineering	\$ 178,475
Contingency Costs	\$ 481,600
Construction Period Expenses	\$ 685,375
Permanent Financing Expenses	\$ 22,980
Legal Fees	\$ 150,000
Capitalized Reserves	\$ 587,313
Reports & Studies	\$ 37,829
Other	\$ 759,515
Developer Costs	\$ 1,200,000
Total Uses	\$ 11,796,200

Description of Financial Structure and Bond Issuance:

Wells Fargo Bank will Directly purchase up to \$7 million in private activity bonds at closing under its private placement structure. During the construction phase, bonds will carry a variable interest rate, based on the 30-day LIBOR index plus a spread of 275 basis points. Wells Fargo Bank, as the construction lender, will require a full repayment guaranty by the general partners to be posted at closing. The anticipate closing date is March 15, 2013. The California Community Reinvestment Corporation (CCRC) will provide the permanent financing and the permanent loan. the permanent loan will be a nonrecourse fixed-rate 15 year loan amortized over 15 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: 72.5 out of 130

[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	35
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	0
Large Family Units	5	5	0
Leveraging	10	10	10
Community Revitalization Area	15	15	0
Site Amenities	10	10	7.5
Service Amenities	10	10	0
New Construction	10	10	10
Sustainable Building Methods	10	10	0
Negative Points	-10	-10	0
Total Points	130	100	72.5

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.